ECONOMIC REPORT
OF THE GOVERNOR
1980

EDMUND G. BROWN JR.
Governor of California

April 14, 1980

Honorable Edmund G. Brown, Jr.
Governor of California
State Capitol
Sacramento, California 95814

Dear Governor Brown:

Transmitted herewith is the 1980 Economic Report for your submission to the Legislature in accordance with Section 15901.5 of the Government Code.

The Report does not contain the outlook sections which are normally included. Rapidly changing economic conditions and the great uncertainty which currently exists have necessitated a reappraisal of both the national and State situation. The forecasts now in preparation will be released towards the end of May as a supplement to this document.

We would like to acknowledge the assistance of the various State agencies which have contributed to the Report.

Sincerely,

Mary Ann Graves

MARY ANN GRAVES
Director of Finance

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THE NATIONAL SCENE

Recent economic developments and policy decisions at the national level have made forecasting precarious. The Administration's concern with inflation has led to actions over the last several quarters intended to slow both consumer and business demand and reduce upward price pressures. Unfortunately, these actions have reflected a policy of gradualism which has proved ineffective in the current environment. The result has not been to slow the growth rate in the economy, but rather to increase inflationary anticipations and, in some areas, accelerate spending decisions to avoid further price increases in the future.

October 6, 1979 marked the first significant move by the Federal Reserve Board in the most recent phase of tightening monetary policy. At that time the Fed announced its intention to concentrate more on the monetary aggregates than on interest rates in its fight against inflation. The discount rate was increased from 11 to 12 percent. The prime rate moved rapidly to 15-3/4 percent, and other rates increased accordingly. There was a general perception that these moves would slow the expansion in the economy and permit inflation to be brought under control over a period of time. Unfortunately, the results were somewhat different. Real interest rates remained low or even negative given the change in the consumer price index. As a result, consumers generally appeared willing to take on new debt at the higher loan charges.

There were cross currents at work in the economy, however. The month-to-month gain in personal income slowed sharply in the latter months of 1979. The savings rate dropped to just over 3 percent. This has suggested to many analysts that there is a significant amount of dissaving in the economy. It is also possible, though, that the strong levels of consumption in relation to income were financed by more extensive use of equity loans on residential property, from capital gains or from unreported sources of income. Some sectors appeared headed for rough weather early. The sharp falloff in sales of domestic autos, for instance, has been well publicized. To a large extent, however, this has been limited to the larger, less fuel efficient models. Compact cars and imports continue strong in the total car market. Overall, auto sales in January 1980 were at an 11.6 million rate, the highest level since March 1979; February sales slipped only moderately, to a 10.5 million rate.

Concern over interest rates has also been slow to have a demonstrable effect on business investment plans. At least until the most recent upward move in the prime rate, there was no widespread deferral of investment intentions. The housing market, in contrast, did start to weaken as rising mortgage rates impacted on both resales of existing properties and new home construction.

Reports of layoffs in various industries and temporary plant closings have picked up since October. Nonagricultural wage and salary employment, however, has continued to move higher and the unemployment rate has edged up only marginally. The labor market remains tight for many job skills and geographic areas.

Real gross national product increased at a 2.1 percent annual rate in the final quarter of 1979--a substantially better performance than had been anticipated as recently as November. The first quarter of 1980 is also likely to be up given continuing strength in the consumer area.

The Federal Reserve move of February 9, 1980 was an extension of the policy of gradualism pursued earlier. On March 15, in contrast, the Fed moved decisively to restrain the growth in the money supply and credit. At the same time the Administration announced fiscal policy changes also intended to be anti-inflationary. It is still too early to estimate how these various actions will impact the economy between now and the end of the year. In the first place the Fed's announcment was not precise and allowed considerable latitude for financial institutions to make independent adjustments to restrict credit. The increase in the prime lending rate to 20 percent (further rises may be forthcoming in the next few weeks) can be expected to deter many projects. Similarly, high rates on consumer loans may be critical to key durable consumption areas. Auto sales in the last part of March did slump sharply, however, an indication that the latest policy moves may be having the dampening effect sought. Certainly the rise in mortgage rates--now running between 17 and 17.5 percent in California--and higher downpayment requirements have restricted the availability of mortgage loans for many would-be borrowers.

Limitations have also been imposed on credit card use which appear to be taking five forms:

1. Increasing minimum monthly payments.

2. Requiring larger purchases for the use of a bank credit card.

3. Limiting the issuance of new cards.

4. Recalling cards with relatively little use and low credit limit.

5. Reducing credit limits on currently outstanding cards.

These actions may be expected over time to reduce the rapid growth in credit card usage, which to a large extent supported consumption during the past two or three years.

Fiscal policy adjustments, in contrast, are not likely to have more than a mild psychological impact. The announced reduction in the deficit was achieved by only minimum expenditure cuts and an increase in revenues from the proposed oil surcharge. The drop in Federal civilian employment of 20,000 may or may not be significant. Hiring actions taken in anticipation of just such a move may effectively offset part of the intended rollback in employment.

The outlook for 1980-81 therefore depends to a great extent on how firm the Federal Reserve intends to remain in its current tightening phase and on how business and consumers react to efforts to reduce consumption and increase savings and investment.

CALIFORNIA
LABOR FORCE AND EMPLOYMENT

Economic growth in California was maintained at a strong pace during 1979, following the economy's exceptional performance during the previous three years. The civilian labor force increased 3 percent last year, reaching an average of 10,968,000. Civilian employment posted a gain of 395,000, or 3.9 percent, to average 10,285,000. The strength in employment resulted in a substantial drop in the State's unemployment rate to 6.2 percent for the year, the lowest annual rate recorded since 1969.

Nonagricultural wage and salary employment also gained significantly, advancing 4.8 percent or 440,700 new jobs in 1979. This was on top of new job creation amounting to 599,100 in 1978 and 444,400 in 1977. Services and manufacturing were the strongest sectors, with growth of 7.7 percent and 6.8 percent, respectively. Trade employment also improved substantially. Government employment was the only industry to show a decline during 1979. Employment developments by sector are detailed below.

Mining

Wage and salary employment in mining averaged 39,500 during 1979, up 2,400 jobs from 1978. Fuel extraction, up 2,000, was the main source of strength. Nonmetallic mineral extraction declined moderately.

Construction

Construction activity within the State continued at a strong pace. Employment for the sector increased 45,600 jobs last year, or 10.9 percent. This was a considerable gain following the substantial increases of 14.0 percent and 13.6 percent recorded during 1978 and 1977, respectively. Special trade contractors--such as plumbers, carpenters, and electricians--showed the largest employment gain, increasing 28,800 jobs or 13.2 percent for the year.

Manufacturing

Increased consumer spending and aerospace production continued to strengthen manufacturing employment last year. The number of jobs averaged was 2,002,100, representing a gain of 126,900, or 6.8 percent. Durable goods accounted for 84.2 percent of this increase, advancing 8.5 percent from 1978. Those industries posting the most growth were fabricated metal products (+7.3 percent), nonelectrical machinery (+11.7 percent), electric and electronic equipment (+11.2 percent), transportation equipment (+9.6 percent) and instruments and related products (+12.3 percent). Most other sectors within durable goods posted moderate gains during the year. Only the leather and lumber-wood products groups declined.

TABLE 1

LABOR FORCE AND EMPLOYMENT IN CALIFORNIA, 1978 AND 1979
(In thousands)

	1978	1979	
		Number	Percent Change
Civilian labor force	10,646.0	10,968.0	3.0
Employment	9,890.0	10,285.0	4.0
Unemployment	756.0	684.0	-9.5
Unemployment rate	7.1	6.2	--
Nonagricultural wage and salary workers	9,197.1	9,680.3	5.3
Mining	37.1	39.5	6.5
Construction	417.5	463.1	10.9
Manufacturing	1,875.2	2,002.1	6.8
Transportation-utilities	506.4	537.0	6.0
Trade	2,126.0	2,231.8	5.0
Wholesale	534.3	567.3	6.2
Retail	1,591.7	1,664.5	4.6
Finance	553.2	597.3	8.0
Services	1,931.3	2,080.7	7.7
Government	1,750.4	1,728.8	-1.2
Federal	318.7	321.0	0.7
State-local	1,431.7	1,407.8	-1.7
Agriculture	323.9	328.8	1.5

Source: California Employment Development Department.

Many sectors, such as electronic equipment, showed large increases due to the continued strength of the aerospace industry. In 1979 aerospace employment increased 14.2 percent, the largest year-to-year gain since 1956. This considerable growth was largely a result of increased commercial aircraft manufacturing, with orders for new aircraft backlogged for several years.

The number of jobs in nondurable manufacturing increased by 20,100 during last year, or 3.2 percent, reaching an average of 643,900. The strongest areas were printing and publishing (+5.6%) and rubber and miscellaneous plastics (+7.8%).

Transportation and Utilities

Wage and salary employment for the transportation--utility group rose 6.0 percent for a gain of 30,600 jobs in 1979. Communications alone accounted for 49 percent of the increase. Also strong was trucking and warehousing which registered 22.2 percent of the total job gain for this sector.

Trade

The employment growth rate in the trade industry last year, was a little slower than the other major sectors improving 5.0 percent to reach an average level of 2,231,800. Wholesale trade recorded a gain of 33,000 jobs (+6.2%) while retail trade increased by 72,800 (+4.6%).

Finance, Insurance, and Real Estate

Over half of the growth in this industry was attributable to the finance sector, which improved 9.3 percent during the year. Real estate accounted for 22.2 percent of the growth, increasing 8.3 percent. Both these sectors owe much of their strength to the large gains in construction activity within the State. Overall, finance, insurance and real estate recorded an increase of 44,100 jobs during 1979, reaching an average employment level of 597,300.

Services

Wage and salary employment for services gained 149,400 (+7.7%) during last year. Strong growth was registered for business services and motion pictures, increasing 14.0 percent and 14.5 percent, respectively. Auto and miscellaneous repair services were up 7.8 percent from 1978.

Government

Government employme[illegible], most influenced by the passage of Proposition 13. Overall, tot[illegible] government employment declined 21,600 jobs during 1979, or 1.2 percent. Federal government employment gained 2,300 jobs during the year, while State and local government employment decreased 23,900 jobs. Table 2 illustrates State and local government growth over the last three years.

TABLE 2

STATE AND LOCAL GOVERNMENT EMPLOYMENT, 1977-79

	Employment (thousands)			Percent Change			Absolute Change		
	1977	1978	1979	1977-78	1978-79	1977-79	1977-78	1978-79	1977-79
State and local government	1,424,300	1,431,700	1,407,800	0.5	-1.7	-1.2	7,400	-23,900	-16,500
County government	228,600	232,500	226,000	1.7	-2.8	-1.1	3,900	-6,500	-2,600
City government	198,900	200,200	189,800	0.7	-5.2	-4.6	1,300	-10,400	-9,100
Public education	780,400	775,100	769,400	-0.7	-0.7	-1.4	-5,300	-5,700	-11,000
Other State and local government	216,400	223,900	222,500	3.5	-0.6	2.8	7,500	-1,400	6,100

Source: California Employment Development Department

UNEMPLOYMENT

Unemployment in California continued its dramatic decline last year. The average number of unemployed fell to 684,000 in 1979, 72,000 lower than the 1978 average and 150,000 lower than the 1977 average. This decline is especially significant considering that the civilian labor force increased 826,000 for the same period.

Over the past two years, the California unemployment rate has been declining more rapidly than the national rate. The following table highlights this trend for selected months and years.

		Seasonally Adjusted Unemployment Rates		
		California	United States	Difference
1978:	March	7.7	6.2	1.5
	June	7.3	5.9	1.4
	September	6.7	5.9	0.8
	December	6.5	5.9	0.6
1979:	March	6.4	5.7	0.7
	June	6.0	5.7	0.7
	September	6.4	5.8	0.6
	December	6.2	5.9	0.3
Annual Average:				
	1976	9.2	7.7	1.5
	1977	8.2	7.0	1.2
	1978	7.1	6.0	1.1
	1979	6.2	5.8	0.4

Unemployment rates for the standard metropolitan areas are listed in Table 4. As usual they vary widely. The lowest rate recorded was for the Anaheim-Santa Ana-Garden Grove area (4.1%). The highest rate posted was for Modesto (11.3%). The unemployment rates for all of the metropolitan areas declined during the year from their 1978 averages. Rates in the larger SMSA's were generally below the national average, reflecting the strong labor markets which continue in the urban centers of the State. The smaller areas, with an orientation towards agriculture and other seasonal industries, still record relatively high joblessness, indicating a continuing need for additional employment opportunities to take up the slack in the economic base.

The largest improvement over the past year was registered in the professional, clerical-sales, and service categories. Unemployment among the various skill areas remained about the same as in 1978.

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TABLE 3

REGIONAL UNEMPLOYMENT RATES
(Percent)

	1978 Average	1979 Average
Los Angeles-Long Beach	6.8	5.5
San Francisco-Oakland	6.2	5.6
Anaheim-Santa Ana-Garden Grove	4.9	4.1
San Diego	6.5	6.3
San Jose	6.0	5.1
Riverside-San Bernardino-Ontario	7.0	6.6
Oxnard-Simi Valley-Ventura	8.1	7.5
Santa Barbara-Santa Maria-Lompoc	7.0	5.8
Sacramento	7.7	7.2
Stockton	11.0	9.8
Fresno	8.8	7.9
Bakersfield	8.9	8.6
Salinas-Seaside-Monterey	8.4	8.1
Santa Cruz	8.9	8.2
Santa Rosa	7.5	6.7
Vallejo-Fairfield-Napa	6.6	6.4
Modesto	12.4	11.3

Source: U.S. Department of Labor, Bureau of Labor Statistics, and California Employment Development Department.

TABLE 4

INDUSTRIAL DISTRIBUTION OF THE INSURED UNEMPLOYED, 1977-79
(Average January-December for each year)

	1976		1977		1979	
	Number	Percent	Number	Percent	Number	Percent
Total	322,500	100.0	316,000	100.0	295,100	100.0
Contract construction	36,000	11.2	40,200	12.7	36,000	12.2
Manufacturing	102,000	31.6	85,000	26.9	83,700	28.4
Food and kindred products	31,700	--	29,200	--	29,900	--
Wholesale and retail trade	51,700	16.0	45,900	14.5	39,600	13.4
Service	74,600	23.1	79,400	25.1	68,600	23.2
All other industry divisions	57,800	17.9	64,800	20.6	66,100	22.4
Classification not available	400	0.1	700	0.2	1,100	0.4

Source: California Employment Development Department

TABLE 5

OCCUPATIONAL DISTRIBUTION OF THE INSURED UNEMPLOYED, 1977-79[a/]

	1977		1978		1979		Percent Change 1978-79
	Number	Percent	Number	Percent	Number	Percent	
Total.....	322,500	100.0	316,000	100.0	295,100	100.0	-6.6
Professional and Managerial.....	45,400	14.1	49,200	15.6	41,300	14.0	-16.1
Clerical and Sales.....	64,900	20.1	59,400	18.8	52,000	17.6	-12.5
Services.....	38,000	11.8	35,700	11.3	31,200	10.6	-12.6
Farming, forestry, fisheries, and related occupations.....	21,000	6.5	29,400	9.3	29,600	10.0	+0.7
Processing.....	25,700	8.0	24,300	7.7	25,600	8.7	+5.3
Machine Trades.....	19,700	6.1	15,900	5.0	16,100	5.5	+1.3
Bench work.....	22,700	7.1	18,900	6.0	19,000	6.4	+0.5
Structural work.....	42,600	13.2	46,800	14.8	43,000	14.6	-8.1
Miscellaneous.....	42,500	13.2	36,400	11.5	37,300	12.6	+2.5

[a/]Data for 1977 and 1978 are not strictly comparable to previous years due to the coverage of agricultural workers under the regular unemployment insurance benefit program effective May 1977. 1978 is the first full year of such coverage.

Source: California Employment Development Department.

Average Wage Settlements

Bargaining activity in 1979 was fairly light, as major contracts (those covering 500 or more workers) involving 430,000 workers were scheduled for renegotiation. As of the end of the year, information was available on 101 of the 224 negotiations scheduled, covering 56 percent of the workers under major contracts. Table 6 lists the industries for which 10,000 or more workers were involved in major negotiations.

The first-year median increase for 1979 averaged 71 cents per hour, versus the 50 cent average in 1978. While the median excludes data for a number of agreements negotiated by the hotel and restaurant employees, the final median should nevertheless be above 65 cents per hour. The available data were not sufficient to calculate a preliminary average percent increase. It appears, however, that the median settlement was at least 8-1/2 percent.

TABLE 6

MAJOR CONTRACT NEGOTIATIONS FOR INDUSTRIES INVOLVING 10,000 OR MORE WORKERS, 1979[a/]

Industry	Workers Covered	
	Number	As percent of the industry's employment
Manufacturing		
Canning and preserving	30,920	76
Machinery and other fabricated metal products	18,190	35
Motor vehicles and equipment	18,000	92
Nonmanufacturing		
Construction - General contractors	45,130	22
Construction - Special trade contractors	22,270	23
Trucking and warehousing	41,570	99
Transportation by air	20,510	61
Wholesale trade	18,960	61
Retail food and liquor stores	20,420	19
Eating and drinking places, hotels, and other lodging places	46,500	44
Motion picture production, distribution, and services	33,330	71
Professional, educational, and related services	17,060	55

[a/] In contracts covering 500 or more workers.

Source: California Department of Industrial Relations, Division of Labor Statistics and Research.

The first year median increases in all nonconstruction agreements in California were considerably higher than the national averages. Nationally, settlements increased from 48 cents per hour in 1978 to 51 cents in the first nine months of 1979. In California, however, the first-year median increase for 1979 averaged 71 cents per hour, 21 cents higher than the 50 cent average for 1978. It is not known to what extent the difference in median increases resulted from differences in the composition of California and U.S. industries.

Strike Activity

Preliminary estimates for 1979 indicate that about 116,000 workers took part in strikes totalling approximately 2.7 million days of idleness. The largest strike in number of workers involved last year was the week-long strike by 20,000 Teamsters against the trucking industry in April. (Table 7 lists work stoppages in 1979 involving 2,000 or more California workers.) About 41 strikes by 36,700 public employees resulted in approximately 513,000 days of idleness. The strike figures in the public sector were the highest since 1977. About 32 percent of the workers involved and 19 percent of the idleness time during 1979 was accounted for by the public sector.

Collective Bargaining in 1980

A number of negotiations are scheduled for 1980. The more important agreements expiring during the year include petroleum industry contracts and Retail Clerk agreements with San Francisco Bay Area food stores in January; northern California food store contracts and General Telephone's contract with the Communications Workers in March; almost all basic-trade construction agreements in the two-week period between June 15 and July 1, as well as many subtrade contracts in June and July; Pacific Telephone and Telegraph agreements with the Communications Workers, steel and additional construction subtrades in August; and finally, aircraft manufacturing contracts in October. Altogether, 674,000 workers are covered under major agreements to be concluded, 1980 being the heavy bargaining year in California's three-year bargaining cycle.

The most crucial bargaining in the private sector will occur in construction, communications and aircraft manufacturing. Workers under these contracts comprise 56 percent of all workers covered under major negotiations. Settlements in construction basic trades in the previous cycle were relatively modest. With the present high rate of inflation and high levels of employment, it seems likely, as confirmed by some employers in the industry, that expectations of "catch-up" increases will be high.

Recent negotiations between the Communications Workers and General Telephone were settled peaceably. The last major strike, lasting seven days, occurred in 1971. A 34-day strike preceded the prior contract settlement in 1968.

TABLE 7

WORK STOPPAGES BEGINNING IN 1979 THAT INVOLVED 2,000 OR MORE CALIFORNIA WORKERS

Employer, Union and Location	Beginning Date	Ending Date	Workers Involved	Days Idle
Sun Harvest, Inc. -- Farm Workers -- Salinas and other locations	1/19/79	9/06/79	2,000	388,000
United Air Lines, Inc. -- Machinists -- Statewide	3/30/79	5/24/79	8,000	320,000
Trucking Industry -- Teamsters -- Statewide	4/01/79	4/10/79	20,000	140,000
Fedco, Inc. -- Teamsters -- Southern California	6/07/79	7/01/79	2,200	37,400
Southern California Rapid Transit District -- United Transportation Union, Transit Workers, Railway Clerks -- Los Angeles Area	8/26/79	9/17/79	6,700	100,500
Hughes Airwest -- Air Line Employees Association -- Statewide	9/10/79	10/29/79	2,200	77,000
San Francisco Unified School District -- American Federation of Teachers	9/11/79	10/23/79	6,000	186,000
Motion Picture Industry -- Office and Professional Employees -- Los Angeles Area	9/27/79	10/08/79	2,000	16,000

Source: Department of Industrial Relations

In the aircraft industry, the Machinists struck McDonnell-Douglas for three months in 1975, and the Automobile Workers were involved in a three-month walkout against the same company in 1978. Lockheed Missiles and Space Division in Sunnyvale was involved in an 83-day dispute with the Machinists before concluding the 1977 settlement.

Public sector negotiations, not included in the bargaining calendar on Table 8 for 1980, were relatively peaceful in the previous round of negotiations, probably as a result of the conditioning of State aid on local wage freezes. In 1979, however, public sector strike activity reached an all-time high with an estimated 513,000 worker-days of idleness, or almost one-fifth of the total State's strike idleness. Further curtailment of local budgets combined with a rapid rate of inflation would seem to augur continued strife in local government labor relations in 1980.

TABLE 8

MAJOR CALIFORNIA WAGE NEGOTIATIONS IN 1980[a/]

Month	Industry	Number of Workers
January	All industries	64,300
	Petroleum refining and related industries	7,370
	Electric, gas and sanitary services	25,300
	Retail food and liquor stores	21,500
February	All industries	6,000
March	All industries	51,500
	Food and kindred products	8,500
	Communications	14,300
	Retail food and liquor stores	10,800
	Eating and drinking places, hotels, and other lodging places	6,200
April	All industries	41,500
	Stone, clay, and glass products	5,200
	Machinery, except electrical	5,900
	Electric, gas, and sanitary services	5,700
May	All industries	13,800
June	All industries	182,400
	Construction - general contractors	153,600
	Construction - special trade contractors	8,900
	Eating and drinking places, hotels, and other lodging places	8,200
July	All industries	117,700
	Construction - general contractors	45,000
	Construction - special trade contractors	44,900
	Fabricated metal products	8,000
	Ship and boat building and repairing	10,400
August	All industries	111,900
	Construction - special trade contractors	12,900
	Primary metal industries	12,200
	Communication	67,200
September	All industries	14,100
	Canning and preserving	5,000
October	All industries	53,300
	Aircraft and ordnance	31,400
November	All industries	13,600
December	All industries	4,100
	All major contract negotiations in 1980	674,200

a/ Contracts covering 500 or more workers. Individual industries specified have at least 5,000 workers involved in bargaining. All-industries total includes data for industries specified.

Source: California Department of Industrial Relations, Division of Labor Statistics and Research.

INCOME, PRICES, AND PROFITS

Personal income in California for 1979 is estimated at $227,351 million, an increase of 14.2 percent from the 1978 level of $199,010 million. This is the largest annual percent increase since the 15.1 percent gain in 1951.

The strong growth in personal income during the past year was due largely to increases in employment and inflation adjustments. Total wages and salaries rose to $143,485 million, up 13.6 percent from 1978. The sectors showing the greatest growth were construction (+20.2 percent), services (+18.1 percent), finance-insurance-real estate (+17.8 percent) and manufacturing (+15.9 percent).

Other labor income, consisting of such items as military reserve pay, compensation for injuries, and fringe benefits (e.g. employer contributions to health and pension plans) were up 21.2 percent. Property and proprietor's income posted unusually high gains during 1979 of 18.9 percent and 15.4 percent, respectively. Rental income increased by 39.9 percent from 1978. The growth in these three components was partially due to the impact of Proposition 13. These components were adjusted as of July 1, 1978 to show the effect of the reduction in property taxes on disposable income. The full year impact is evident in the values for 1979.

Higher prices last year offset much of the increase in personal income. Real personal income, deflated by the Personal Consumption Expenditures Deflator, increased 4.9 percent while real wages and salaries increased 4.3 percent. The changes represent slowdowns from the 1978 real gain of 6.4 percent for total income and 6.3 percent for wages and salaries. Inflation-adjusted per capita income increased by 4.4 percent during 1979.

Prices

The all urban consumer price index increased 10.8 percent in California last year. The revised wage earners and clerical workers series rose at an even more rapid pace of of 11.3 percent. Overall price gains were due largely to increases in energy--particularly gasoline--and housing.

Proposition 13 was partially responsible for the increases in the two indexes during the year. In December 1978 the Bureau of Labor Statistics (BLS) incorporated the effects of reduced property taxes on the housing component of the index. This caused the index for that year to be lower than would normally have been expected. In December 1979, the BLS incorporated the large gains in property taxes resulting from the purchase of new homes or the resale of existing homes. The net affect was to cause the overall index to advance substantially during that month, raising the annual average and establishing a high take-off base for the 1980 index.

TABLE 9

CALIFORNIA PERSONAL INCOME, 1978-79
(In millions)

	1978	1979	
		Amount	Percent Change
Total [a]	$199,010	$227,351	14.2
Wages and Salaries	126,336	143,485	13.6
Other labor income	11,655	14,130	21.2
Proprietors' income	15,829	18,269	15.4
Farm	2,666	3,278	23.0
Nonfarm	13,163	14,991	13.9
Property income	27,812	33,082	18.9
Transfer payments	25,797	28,025	8.6
Less: Contributions for social insurance	8,438	9,657	14.4
Residence adjustment	18	18	-2.7
California as percent of U.S.	11.6	11.8	--
Per capita income	8,919	10,018	12.3
Real per capital income [b]	5,950	6,140	3.2

[a] Detail may not add to total because of rounding.
[b] Using the Personal Consumption Expenditures Deflator, 1972=100.

Source: 1978 Income: U.S. Department of Commerce.
1979-81 Income and all ratios: California Department of Finance.

California Consumer Price Index:
All Urban Consumers
All Items
(1967 = 100)

	Index	Percent Change
December 1977	185.6	7.3
December 1978	199.4	7.4
December 1979	230.8	15.7

Corporate Profits

In December of each year, the California Department of Finance conducts an annual sample of firms doing business in California in the process of estimating taxable corporate income for State revenue purposes. The companies responding represent approximately 34 percent of the corporate income tax base. The December 1979 survey indicated that corporate profits increased 13.7 percent during 1979, a slowdown from the 23.2 percent gain of the previous year.

Profit gains for all of the sectors except construction eased during the year. Construction, profits increased a hefty 57.8 percent. The only sector with an absolute decrease in profits was utilities, down 25.8 percent.

TABLE 10

CONSUMER PRICE INDICES,[a/] MAJOR COMPONENTS
SELECTED AREAS, 1978 AND 1979
(Indices: 1967 = 100)

	United States			Los Angeles-Long Beach SMSA			San Francisco-Oakland SMSA		
	1978	1979	Percent Change	1978	1979	Percent Change	1978	1979	Percent Change
All items	195.4	217.4	11.3	192.8	213.7	10.8	197.8	214.6	8.5
Food	211.4	234.5	10.9	206.7	229.5	11.0	207.4	233.1	12.4
Housing	202.8	227.6	12.2	202.4	223.8	10.6	211.1	223.3	5.8
Shelter	210.4	239.7	13.9	217.1	241.6	11.3	223.3	236.0	5.7
Rent, residential	164.0	176.0	7.3	171.7	188.5	9.8	177.3	190.3	7.3
Homeownership	227.2	262.4	15.5	231.4	258.6	11.8	245.4	258.1	5.2
Fuel and utilities	216.0	239.3	10.8	173.0	189.8	9.7	205.1	207.5	1.3
Fuel oil and coal	298.3	403.1	35.1	101.3	104.5	3.2	101.2	133.2	31.6
Gas and electricity	232.6	257.8	10.8	207.3	244.7	18.0	199.3	210.1	5.7
Household furnishings and operations	177.7	190.3	7.1	170.2	183.1	7.6	180.3	195.9	8.7
Apparel and upkeep	159.6	166.6	4.4	147.8	153.2	3.7	159.3	169.2	6.2
Men's and boy's	157.3	160.8	2.2	139.0	144.0	3.6	156.3	161.2	3.1
Women's and girl's	149.3	151.9	1.7	141.1	140.2	-0.6	151.5	160.5	5.9
Footwear	163.8	176.7	7.9	153.1	163.8	7.0	154.8	173.6	12.1
Transportation	185.5	212.0	14.3	187.4	217.5	16.1	186.9	214.4	14.7
Private	185.0	212.3	14.8	189.3	220.5	16.5	188.5	217.3	15.3
Public	187.8	200.3	6.7	151.3	164.5	8.7	159.3	171.1	7.4
Medical care	219.4	239.7	9.3	222.2	244.8	10.2	218.7	238.9	9.2
Entertainment	176.6	188.5	6.7	159.2	168.2	5.7	172.0	180.9	5.2

a/All Urban Consumers.

Source: U.S. Bureau of Labor Statistics.

TABLE 11

TAXABLE CORPORATE INCOME IN CALIFORNIA*
(In millions)

Industry	1977 Actual	1978 Preliminary	1978 Percent Change	1979 Estimated	1979 Percent Change
Totals	$18,800	$23,163	23.2	$26,340	13.7
Agriculture	251	352	40.2	379	7.7
Mining and oil production	1,157	1,358	17.4	2,143	57.8
Construction	758	904	19.3	953	5.4
Manufacturing	6,651	7,997	20.2	9,045	13.1
Trade	4,018	4,909	22.2	5,545	13.0
Services	1,464	1,964	34.2	2,279	16.0
Financials subject to the bank tax	1,998	2,476	23.9	3,011	21.6
Real estate and other financials	1,312	1,560	18.9	1,766	13.2
Utilities	1,191	1,643	37.9	1,219	-25.8

*These figures represent income of corporations with accounting periods ending from August of the year shown through July of the following years. This method of reporting approximates the Federal system of reporting corporate profits in the year earned.

Source: California Department of Finance.

CONSTRUCTION

The performance of the California construction sector during 1979 was surprising to most industry analysts. Steadily rising building costs, coupled with record interest rates and a tightening of credit, were expected to have a much stronger dampening effect on demand. Much of the demand which occurred can be simply traced to the need for additional housing. Low vacancy rates throughout the State--below 2 percent in Southern California, for example--indicate a developing shortage of housing units which promises to become even more severe in another year.

Also a factor behind the strength in construction was the consumer. Record levels of consumer spending helped bouy up the economy during 1979. As an illustration of the impact of consumer purchases on construction, new commercial valuation rose by one-third, whereas industrial valuation did not even keep pace with the rate of inflation.

Residential construction activity did slow considerably in 1979. The 210,029 residential units authorized by permits was down from 1978, although above average by historical experience. An average 190,000 units were authorized annually from 1965 through 1978.

Total residential construction valuation amounted to $10.8 billion in 1979, an all time high. The 1.7 percent increase over 1978 resulted from a number of factors, but primarily from increased construction financing and material costs. Land prices also rose, due in part to continuing restrictions on new suburban developments. Increases in the size of new homes and the number of standard features were further contributing factors.

Nonresidential construction rose at a strong rate throughout 1979. The nearly $7.3 billion in nonresidential construction authorized by permits once again set a record. New commercial valuation rose by 36.3 percent during the year, while industrial valuation increased 16.4 percent. Total building valuation, both residential and nonresidential, exceeded $18 billion, surpassing the previous high in 1978 by 9.2 percent.

Condominium Conversion and Subdivision Trends

Condominium conversions in the 1979-80 fiscal year showed a marked increase. As shown in Table 15, more conversion units were approved by the Department of Real Estate during the year than in the previous five fiscal years combined. Due to the stringent regulations recently imposed by local ordinances on conversions, the growth trend is not expected to continue at the current rate.

TABLE 12

VALUATION OF NONRESIDENTIAL CONSTRUCTION AUTHORIZED
BY COUNTY, 1978 AND 1979
(In thousands of dollars)

County	1978	1979	Percent Change
Alameda	$226,744	$346,151	52.7
Alpine	—	—	—
Amador	5,332	3,781	-29.1
Butte	35,611	32,183	-9.6
Calaveras	2,771	2,523	-8.9
Colusa	2,219	3,927	77.0
Contra Costa	130,012	127,531	-1.9
Del Norte	7,319	5,566	-24.0
El Dorado	13,345	16,859	26.3
Fresno	134,236	140,301	4.5
Glenn	8,290	3,343	-59.7
Humboldt	14,816	21,155	42.8
Imperial	15,890	17,842	12.3
Inyo	6,655	7,085	6.5
Kern	66,345	129,347	95.0
Kings	25,986	25,058	-3.6
Lake	6,714	6,318	-5.9
Lassen	5,874	7,178	22.2
Los Angeles	1,594,240	2,188,124	37.3
Madera	22,331	26,643	19.3
Marin	58,345	48,954	-16.1
Mariposa	1,563	1,864	19.3
Mendocino	14,233	14,404	1.2
Merced	21,079	28,484	35.1
Modoc	1,289	1,957	51.8
Mono	2,058	3,138	52.5
Monterey	49,614	72,263	45.7
Napa	32,915	34,178	3.8
Nevada	10,942	9,522	-13.0
Orange	739,374	716,493	-3.1
Placer	32,038	34,977	9.2
Plumas	3,294	5,198	57.8
Riverside	163,426	271,424	66.1
Sacramento	159,159	201,301	26.5
San Benito	4,276	4,796	12.2
San Bernardino	217,108	255,257	17.6
San Diego	462,768	480,008	3.7
San Francisco	389,058	438,075	12.6
San Joaquin	76,648	121,580	58.6
San Luis Obispo	25,851	35,444	37.1
San Mateo	111,511	147,358	32.1
Santa Barbara	59,827	51,789	-13.4
Santa Clara	500,943	590,831	17.9
Santa Cruz	27,189	37,267	37.1
Shasta	28,989	41,153	42.0
Sierra	1,372	543	-60.4
Siskiyou	5,562	9,719	74.7
Solano	40,659	63,102	55.2
Sonoma	71,843	101,925	41.9
Stanislaus	77,703	97,473	25.4
Sutter	12,551	10,826	-13.7
Tehama	6,027	8,636	43.3
Trinity	1,591	1,877	18.0
Tulare	44,217	44,784	1.3
Tuolumne	4,076	9,282	127.7
Ventura	123,446	142,974	15.8
Yolo	41,350	31,626	-23.5
Yuba	5,382	9,177	70.5
State	$5,954,005	$7,290,566	22.4

NOTE: County data have not been revised to latest State totals.

Source: Security Pacific National Bank.

TABLE 13

CONSTRUCTION TRENDS IN CALIFORNIA AND SELECTED COUNTIES
1978 AND 1979

County	1978	1979	Change	
			Absolute	Percent
Housing units authorized				
Contra Costa	6,408	6,332	-76	-1.2
Fresno	7,296	5,285	-2,011	-27.6
Los Angeles	40,537	36,082	-4,455	-11.0
Orange	19,631	17,558	-2,073	-10.6
Riverside	14,153	13,186	-967	-6.8
Sacramento	11,760	13,879	2,119	18.0
San Bernardino	18,937	14,689	-4,248	-22.4
San Diego	28,054	19,038	-9,016	-32.1
San Joaquin	6,356	4,824	-1,532	-24.1
Santa Clara	10,020	8,036	-1,984	-19.8
Stanislaus	4,058	3,290	-768	-18.9
Ventura	8,215	5,903	-2,312	-28.1
Total, 12 counties	175,425	148,102	-27,323	-15.6
Percent of California	72.0	70.5	81.2	--
(Percent of California population)	72.5	72.5	--	--
California	243,684	210,026	-33,658	-13.8
Nonresidential construction authorized (In thousands of dollars)				
Alameda	$226,744	$346,151	$119,407	52.7
Fresno	134,236	140,301	6,065	4.5
Los Angeles	1,594,240	2,188,124	593,884	37.3
Orange	739,374	716.493	-22,881	-3.1
Riverside	163,426	271,424	107,998	66.1
Sacramento	159,159	201,301	42,142	26.5
San Bernardino	217,108	255,257	38,149	17.6
San Diego	462,768	480,008	17,240	3.7
San Francisco	389,058	438,075	49,017	12.6
San Mateo	111,511	147,358	35,847	32.1
Santa Clara	500,943	590,831	89,888	17.9
Stanislaus	77,703	97,473	19,770	25.4
Total, 12 counties	$4,776,270	$5,872,796	$1,096,526	23.0
Percent of California	80.2	80.6	82.0	--
Excluding San Francisco	$4,387,212	$5,434,721	$1,047,509	23.9
Percent of California	73.7	74.5	78.4	--
California	$5,954,005	$7,290,566	$1,336,561	22.4

NOTE: County data have not been revised to latest State totals.

Source: Security Pacific Bank.

TABLE 14

AVERAGE VALUATION OF SINGLE FAMILY DWELLINGS
AUTHORIZED BY BUILDING PERMITS, 1978 AND 1979

County	1978	1979	Percent Change
Alameda	$61,522	$71,665	16.5
Alpine	—	—	—
Amador	40,458	49,734	22.9
Butte	34,654	35,929	3.7
Calaveras	39,105	44,450	13.7
Colusa	48,550	53,820	10.9
Contra Costa	45,546	48,429	6.3
Del Norte	41,942	51,402	22.6
El Dorado	31,545	42,070	33.4
Fresno	42,386	48,494	14.4
Glenn	34,779	46,400	33.4
Humboldt	38,573	43,419	12.6
Imperial	42,036	49,967	18.9
Inyo	52,861	59,289	12.2
Kern	35,370	42,238	19.4
Kings	39,914	49,806	24.8
Lake	38,053	53,963	41.8
Lassen	31,312	51,207	63.5
Los Angeles	61,074	68,141	11.6
Madera	31,655	33,668	6.4
Marin	69,601	86,880	24.8
Mariposa	34,457	35,866	4.1
Mendocino	46,744	49,985	6.9
Merced	41,355	51,391	24.3
Modoc	29,571	36,969	25.0
Mono	37,885	64,527	70.3
Monterey	62,861	72,201	14.9
Napa	60,060	77,961	29.8
Nevada	31,449	32,019	1.8
Orange	62,195	65,150	4.8
Placer	49,722	54,073	8.8
Plumas	21,393	42,291	97.7
Riverside	43,245	44,609	3.2
Sacramento	24,710	26,213	6.1
San Benito	46,326	45,507	-1.8
San Bernardino	44,624	50,548	13.3
San Diego	54,499	64,080	17.6
San Francisco	73,352	92,406	26.0
San Joaquin	45,163	52,386	16.0
San Luis Obispo	45,633	47,067	3.1
San Mateo	80,819	91,092	12.7
Santa Barbara	65,848	70,038	6.4
Santa Clara	50,079	62,908	25.6
Santa Cruz	49,128	60,266	22.7
Shasta	39,646	44,875	13.2
Sierra	54,000	50,711	-6.1
Siskiyou	31,503	40,485	28.5
Solano	47,306	55,737	17.8
Sonoma	46,020	54,506	18.4
Stanislaus	39,657	42,584	7.4
Sutter	50,704	58,361	15.1
Tehama	44,585	48,201	8.1
Trinity	25,990	28,296	8.9
Tulare	41,097	46,714	13.7
Tuolumne	25,540	40,752	59.6
Ventura	54,978	70,164	27.6
Yolo	46,899	46,886	0.0
Yuba	33,481	40,467	20.9
State	$47,874	$54,016	12.8

NOTE: Permit value less market value of unit.

Source: Based on data from Security Pacific National Bank.

TABLE 15

CONDOMINIUM CONVERSIONS
APPROVED BY THE CALIFORNIA DEPARTMENT OF REAL ESTATE

Fiscal Year	Number of Units
1973-74	3,399
1974-75	2,802
1975-76	1,862
1976-77	2,746
1978-79	5,156
1979-80	16,792

Source: California Department of Real Estate.

There has been a steady increase in the number of common interest subdivisions over the last five years, and a decline in the number of standard subdivisions. A standard subdivision is one that has single family dwellings on their own individual lots, as in a typical housing tract. A common interest subdivision has lots or areas owned in common, operated by a governing board elected by the owners. A condominium is an example of a common interest subdivision.

The growth in common interest subdivisions is due to the high housing demand in California, along with rising housing costs and interest rates. Common interest housing is usually less expensive to purchase than single unit housing, and is more profitable for a developer to build simply because a greater number of units can be placed on the same area of land. There is also a trend toward smaller subdivision projects. In the fiscal year 1969-70, for example, there was an average of 71.3 lots or units per subdivision. The average size of each subdivision was 138.0 acres. In 1978-79, the number of lots or units per subdivision dropped to 39.8 and the average size dropped to 32.6 acres. The forecast for the 1980's is for fewer and smaller standard subdivisions and an increase in common interest subdivisions, especially condominiums.

TABLE 16

NEW SUBDIVISION FILINGS APPROVED BY THE
CALIFORNIA DEPARTMENT OF REAL ESTATE

Fiscal Year	Standard	Common Interest
1974-75	1,032	986
1975-76	1,518	823
1976-77	2,424	1,235
1977-78	2,584	1,298
1978-79	2,113	1,782

Source: California Department of Real Estate.

Agriculture

California agriculture enjoyed an outstanding year in 1979. Weather provided chilling hours for deciduious fruits and nuts. Water storages were filled for irrigation supplies. Spring plantings were timely, and summer saw typical California weather, but without extended periods of extreme heat. Summer and fall harvests brought high production with record yields for many crops.

Freezing temperatures in December 1978 and early 1979 damaged citrus crops, but continued cool temperatures and strong demand allowed most citrus to be harvested and salvaged for processing. Overall crop returns exceeded those of a year earlier.

Fuel disruptions were a continuing concern for agricultural operators. The vegetable industry was most affected, as long haul truckers refused shipments east for a short period, due to diesel shortages and disruption in the trucking industry. Oil and monetary problems had both positive and negative impacts on California agriculture. U.S. balance of payment problems made California farm products relatively less expensive to foreign buyers. High foreign demand led to increased quantities of California products entering world trade.

A strong domestic economy contributed to generally favorable prices for California agricultural products. The continuing trend to "natural" foods contributed to higher demand for fresh and dried forms of California specialty crops. Crop production totaled 47.4 million tons in 1979, up 10 percent from the previous year. Almond production doubled, for example, while cotton production increased over two-thirds. Outstanding rice yields boosted production over 25 percent. Cattle producers enjoyed generally favorable price levels. Strong demand and high cattle prices prompted sharp increases in broiler and turkey output. Broiler production established a new record and turkey production nearly matched the record 1967 numbers. Higher milk prices led to increasing milk production.

Cash receipts from all farming exceeded $12 billion, up 15 percent from 1978. Net farm income also increased, despite very sharp boosts in energy inputs and increases in other purchased items. Agricultural production in 1980 will show continued gains. Wheat acreage and cattle numbers are expected to expand. Cotton prices should remain strong as petroleum prices push synthetic fibers higher. Larger acreages of almonds, avocados, grapefruit, nectarines, pistachios, plums, and walnuts will be in production.

Agricultural employment rose by 1.5 percent during 1979 to an average 328,800, continuing the post-drought recovery. Of even more significance is the longer-term rise in agriculture, following the steady decline which was experienced as mechanization proceeded in the 1950's and 1960's and the earlier bracero program was eliminated.

Agricultural Employment

1972	2[illegible]00	1976	323,500
1973	28[illegible]00	1977	314,600
1974	308,100	1978	323,900
1975	315,700	1979	328,800

Forestry

Conditions were mixed in California's timber industry during 1979. The first three-quarters were quite strong with timber prices reaching record highs, and exceeding comparable months' figures from the previous year. By November, however, high interest rates weakened demand, resulting in a decline in the Western Wood Products Association's Lumber Price Index to an 18-month low. In addition, orders as reported by the California Redwood Association dropped in October to 55 percent of the October 1978 levels.

Mill closures and seasonal shutdowns late in 1979 all indicated a lean year for 1980. When interest rates finally drop significantly, demand will rise quickly. Continued uncertainity over the availability of Federal timber, due to unresolved issues surrounding expansion of wilderness areas, contributed at least in part to some mill closure decisions. Hopefully this issue will be resolved in 1980 resulting in more stability to the industry.

Most capital improvements in California were in the pulp and paper sector. These included a $27 million expansion in Pomona of the Garden State wastepaper plant, and a $19 million outlay by Louisiana-Pacific at the Antioch pulpmill and Stockton container plant. In addition, Champion is spending $11.2 million to modernize its Anderson plywood plant.

With financing from State forest timber sales, the Department of Forestry will begin implementation in mid-1980 of the California Forest Improvement Program, with a goal of reforestation and stand improvement of 40,000 acres in 1980-81. In addition, wood energy projects including the construction of a machine to compress and pelletize the wood produced from fuelbreaks and chaparral clearing projects will be accelerated. The planting and maintenance of trees in urban areas is being sponsored to improve the urban environment and livability, to conserve energy by better utilization of shade trees, and to encourage utilization of waste wood for wood products or energy generation.

The Department of Forestry has just completed the first major assessment of California forest resources. The assessment projects that over the next 20 years California timber harvest is expected to decline about 6 percent. The decline will be concentrated in the forest industry lands of the North Coast.

Minerals

California's mineral industry continues to play a significant role in both the State and national economies. No other state produces such a wide variety of minerals as California, with a reported 34 non-fuel mineral commodities. California leads the nation in asbestos, boron minerals, portland cement, diatomite, sand and gravel, rare earths, and tungsten. It is third in the production of crude petroleum and is a major source of natural gas, salt, clay, stone, magnesium compounds, sodium compounds, gypsum, iron ore, and talc.

There were approximately 500 companies active in non-petroleum mineral extraction in California last year, with a total output value of $1.51 billion. The preliminary 1979 figure for total value (excluding petroleum products) amounted to $1.74 billion, up 15 percent from 1978.

In 1979, cement production led in dollar value for nonpetroleum mineral commodities with 32 percent of the total value of the State's mineral value. Boron was next with 19 percent, followed by sand and gravel with 18 percent. These three commodities accounted for about 70 percent of the total mineral value, and 94 percent of the increase in 1978. Cement production increased only slightly in 1979, but the value rose dramatically due to higher prices. Shortages of cement in 1978 delayed construction and increased costs in California. Production of cement was somewhat higher in 1979, partly with the aid of clinker imported from Japan. Currently, there are no shortages of cement in California, but supply is barely above demand. The supply situation is expected to improve during 1980.

Asbestos extraction in 1978 was reported to be 70,730 short tons valued at 19.3 million dollars. Preliminary production data for 1979 indicate a small increase with the total value up due to higher prices. A more dramatic example of rise in value is seen in molybdenum, which had no significant increase in production, but had a five-fold gain in total value. Gold also experienced a slight increase in production, from 7,480 troy ounces in 1978 to 7,655 troy ounces in 1979. The total dollar value, however, jumped from a reported 1.45 million dollars to 2.3 million dollars, an increase of about 59 percent, as gold prices soared on world markets.

Water

The 1978-79 water year was about average on the basis of statewide precipitation and streamflow amounts. Precipitation was above normal in Northern California, the San Joaquin Valley, and Southern California. Runoff followed a similar pattern, with all streams north of the American River producing above-normal flows and San Joaquin Valley tributaries having normal or above-normal runoff for the water year. Flows in coastal streams were average north of San Francisco and well above average along the central and southern coasts.

Reservoir storage was excellent in most areas throughout the year, due to above-normal carryover supplies from the previous year. Storage in the 143 statewide reservoirs monitored was about 112 percent of normal as of January 1, 1980, which means that there was an excess of over 1.8 million cubic decametres (1.5 million acre-feet) for carryover to 1980.

The new water year is off to a good start. Precipitation, streamflow, and reservoir storage have all been above-normal throughout the State. The resulting inflow to reservoirs added to the carryover storage from last year, and will provide an excellent base for satisfying water needs in the year ahead. Reservoir storage levels are above average throughout California.

Despite good supply conditions in the current year, some water problems exist in California. In the San Joaquin Valley, California's leading agricultural area, irrigation accounts for 85 percent of the State's water use, and as might be expected the San Joaquin Valley is the leading water user in the State. This has also made it an area of major water problems. It is anticipated that about 5.4 million acres will be irrigated in the Valley in 1980, requiring a net water supply of 14.0 million acre-feet (MAF). Firm water supplies available to the San Joaquin Valley, however, are not sufficient to meet this use and the result is a ground water overdraft of 1.7 MAF. This is the amount by which ground water withdrawals will likely exceed recharge over long-term average conditions.

Throughout California, agricultural drainage is a major problem. Hundreds of thousands of acres of land will face reduced productivity and economic hardship if drainage is not provided in the years ahead. Current State legislation proposes funding for the construction of public drainage collection systems, and a loan guarantee program for on-farm drainage facilities and erosion control projects.

Overview

The Nation's dependence on foreign oil has nearly doubled from its 1973 level. At the present 8.5 million barrels per day, imports in 1979 account for almost half of United States oil consumption, with 69 percent of the imports coming from OPEC countries. As a result, it has been estimated that about 60-65 billion dollars in wealth flowed from the personal accounts of Americans to the national accounts of the OPEC countries in 1979. It has become apparent that the U.S. is faced with a severe energy problem of which the most obvious symptoms are a lack of control over the supply and price of the nation's primary energy source.

The transition to alternate energy sources is expected to be a difficult and slow process. Proposals to convert industries and utilities to oil substitutes pose some economic, environmental, and technical risks. The immediate problem for California is how to maintain the flexibility to fashion a transition to alternate energy sources in a way that takes maximum advantage of the diversity and abundance of this State's energy resources. California must also develop plans which are consistent with increasingly centralized Federal energy planning.

Petroleum

Oil production in California increased in 1979, following a decline in production during 1978. The estimated 1979 production totaled 341 million barrels (approximately 934,400 barrels per day), a rise of about 6 million barrels from the 1978 total. The 1979 total is far below that of 1968, the record year for the State, when 373 million barrels of oil were produced. Output was enhanced by the development of the Elk Hills and Yowlumne fields and expanded steam injection projects in the Kern River, South Belridge, Mount Poso, and Midway-Sunset fields. All of these oil fields are located in Kern County, which accounts for about 54 percent of the State's production. Incremental oil production, or oil produced as a result of enhanced recovery projects, accounted for roughly half of California's 1979 production. Steam stimulation was credited with about 16 percent of the incremental total.

Production from offshore areas in State tidelands (the area lying within three nautical miles of the coastline) totaled 41.7 million barrels in 1979, compared with 43.5 million barrels for 1978. From 1970 to 1979, State offshore oil production has declined by about half. In spite of this serious decline, combined State and federal offshore fields accounted for 15 percent of the oil produced in California during 1979. Economic and environmental constraints continue to restrict the search for new reserves and further development of proven fields in State tidelands. The outlook for increased offshore oil and gas production from these promising resource areas within State tidelands is therefore not particularly encouraging.

Although California produces about 12 percent of the nation's domestic crude oil, the restoration of the trans-Alaskan pipeline to maximum capacity during 1978 allowed Alaska to displace California from its long-standing position as third in the nation among oil-producing states. Currently Texas, Alaska, and Louisiana are the three top-producers.

At the beginning of 1980, California's proven oil reserves (oil that can be recovered with existing technology at current prices) were estimated at about 4 billion barrels. This represents a decline of about 5 percent from the previous year's total of about 4.2 billion barrels.

The Presidential Order to exempt heavy crude oil (20° API gravity or less) from Federal price controls will have a significant impact on development in California. The largest reserves of heavy oil in the nation exist in California and the economic incentives provided by the Federal government have already caused a significant increase in the number of notices to drill new wells. Significant increases in State tideland oil and gas revenue can also be expected as a result of the phased decontrol of crude oil pricing. By October of next year all oil would be decontrolled. This decontrol process will be gradual between now and then. A recent estimate placed the additional State revenues from tidelands oil at $4-$6 billion between the ten-year period 1980 through 1989-90.

Natural Gas

California's natural gas production rose in 1979 following 10 years of decline. Production totalled 343 billion cubic feet, a 12.5 percent increase from the 305 billion cubic feet produced in 1978. (California continues to rank sixth in the nation among gas-producing states.) At the beginning of 1979, California's proven gas reserves were estimated at about 4.4 trillion cubic feet. This represented a 4 percent decrease from the 1978 total of about 4.6 trillion cubic feet.

Production from offshore areas in State tidelands totaled 13.1 billion cubic feet in 1979, compared with 14.2 billion cubic feet produced in 1978. From 1970 to 1979, state offshore gas production declined 78 percent. Combined State and Federal offshore fields accounted for 5.4 percent of the natural gas produced in California during 1979.

Prospects for significant increases in onshore nonassociated gas production (gas not associated with oil production) are confined to the Sacramento Valley, but are not very encouraging. Hopefully, the Natural Gas Policy Act (effective December 1, 1978) will provide some economic incentive for more exploration and development of California's gas fields.

Hydroelectric Power

To help solve the energy problem in California, the Department of Water Resources (DWR) has been evaluating all possible sources of hydroelectric generation in the State. Through this search, DWR has identified 212 small dams, canals, and waterways in California where powerplants could be added to existing structures.

If all the potential sites were developed, they could produce about 2 billion kilowatt hours of electrical energy per year--enough energy to meet the residential needs of 950,000 people for one year, and save 3.5 million barrels of oil. Some sites, however, have a potential of only one megawatt or less, not warranting the time and money necessary for development. But other sites, with potentials of two to 20 megawatts, are already being developed in California.

The intense search for such power sources began after the 1973 oil embargo. Prior to that crisis, fuel costs were relatively low, and development of hydropower at small dams was considered impractical. It was believed that only major hydropower projects could compete with large-capacity, stream-driven generators. In fact, many small hydropower plants were shut down at this time. The recent increasing costs of fossil fuels prompted DWR's re-evalution of small hydroelectric potential, and spurred investigations concerning the reactivation of the abandoned plants. As of now, 38 of the 212 sites have been determined feasible spots, and six are already being retrofitted by public agencies. There are many advantages to small hydroelectric plants. They are reliable, durable, and respond quickly to demands. And the development of hydropower at existing dams bypasses additional problems associated with installing major new hydropower projects--problems such as the displacement of people, elimination of free-flowing streams, disruption of fish spawning, and reduction of wildlife habitats.

FOREIGN TRADE

The value of foreign trade handled through the California customs districts (Los Angeles, San Francisco, and San Diego) continues to set new records. In 1979 the total value of imports and exports climbed 24.5 percent to $45.3 billion. Imports reached $24.9 billion, while exports accounted for the remaining $20.3 billion. The resulting deficit fell to $4.6 billion, down from the $6.6 billion and $6.9 billion levels in 1978 and 1977, respectively.

In any discussions of the value of foreign trade, it should be noted that trade through California customs districts is not equivalent to foreign trade for the State of California. The customs districts were established by the Federal Government to combine all points of entry or departure where U.S. customs facilities exist--over 40 points in all for this State. California customs districts may serve as a "gateway" for goods destined for, and originating from, other states. The available data, therefore, do not represent only California trade, nor do they represent all California foreign trade since some commodities for this State enter or leave the U.S. through customs districts in other states. No measurement is presently being made of the foreign trade which can be attributed solely to California. According to the experience of many international businesses, however, 60 to 70 percent of California customs districts' trade represents trade with an actual point of origin or destination in this State.

Asia remains the leading trading region with California. Imports from Asia last year were valued at $17.7 billion, while exports reached $13.0 billion. The total of $30.7 billion comprised nearly 70 percent of total California customs districts' trade. The deficit which occurred, and which has continually occurred in the past, is characteristic of trade with this region. Exports to Asia generally include a mix of manufactured goods, particularly mechanical and electrical machinery, and raw materials. The majority of the animal and vegetable products exported through California and virtually all of the cotton went to Asia. Major imports from Asia include electrical machinery--primarily radios, televisions, stereo equipment and transistors--automobiles, metals and metal products, wearing apparel, and machinery and mechanical equipment. Japan is the leading Asian trading nation and the major trading nation in general. Almost one-third of all California districts' foreign trade is with Japan.

After the Asian region, the other world areas trading with California, ranked in descending order by total value traded, are Europe, Latin America, Australia-Oceania, the Middle East, North America, and Africa. Europe accounted for 16.6 percent of all trade during 1979, and Latin America, 7.9 percent. All the remaining areas represented only 7.3 percent. California exports to these regions consist generally of finished goods such as mechanical and electrical machinery and equipment, transportation equipment, and scientific instruments. Major imports into the State from these regions include petroleum, agricultural goods, and minerals, metals, and other raw materials.

The phenomenon whereby California tends to import higher-priced finished products, and export relatively lower-priced intermediate goods or raw materials, is one important factor behind rising trade deficits. Also, the export of intermediate goods from California for overseas assembly into finished goods has contributed to the faster rate of import growth in recent years.

The development and growth of the California export market can be attributed to the strength and diversity of economic activity statewide, and the strategic location of the State on the Pacific Basin. Rising imports have been fostered by these same characteristics, along with the relatively high and increasing incomes of California consumers.

The outlook for foreign trade in California remains positive. Worldwide demand for goods produced in this State, particularly agricultural products and high technology mechanical and electrical equipment, is strong and expected to grow still further. An increased awareness by California businesses of the opportunities overseas, and the desire to tap such markets, is perhaps the major factor behind the anticipated growth in State exports.

The Office of International Trade is working to bring California producers into contact with foreign buyers and to assist these producers with the procedures of conducting foreign trade. In general, the Office has been established to be a type of clearinghouse offering information and personal service to individuals and businesses interested in international trade.

TRANSPORTATION

The highways, railroad system, airports and deep-water ports of California provide access to State, national and international markets. This system is dependent on petroleum, as 65 percent of all such energy consumed is used for transportation. (Almost 12 billion gallons of gasoline are sold in California each year.) The instability of world oil markets and the continuing increases in the price of crude oil indicate that transportation costs will continue to climb and shortages can and will occur

Conservation

Californians have been achieving substantial energy savings. As shown in Table 17, gasoline sales decreased 2.8 percent and travel on State highways fell 0.9 percent during 1979. Further, ridesharing applications continue to increase. (The ridersharing program is an organized effort in various metropolitan areas to match individual commuters who live and work near each other.) Ridership on the two Amtrak routes exclusively within California was up 8.4 percent 1979. Air passenger travel, however, remained at about the same level as in the prior year.

The annual gasoline gallonage figures mask the substantial conservation which was achieved from May 1979 on. In December, for instance, consumption was 11 percent below the year-earlier level. The downtrend has continued into 1980, with January gallonage 4.7 percent lower than January 1979. These trends undoubtedly reflect a combination of influences, the most important of which may be price. A study by the Department of Finance last spring, when the gasoline shortfall was severely impacting California, estimated the price elasticity of gasoline. It was found that a 50 percent increase in price would lead to approximately a 5 percent drop in consumption, other factors equal. It appears that just such a development has occurred. In January 1979 the average price of regular gasoline (excluding taxes) stood at 68.4 cents per gallon. A year later it had increased by nearly 65 percent to $1.27. The most recent 4.7 percent drop was consistent with this earlier analysis.

Longer term adjustments also appear to be taking place: the increased use of public transportation; more intensive use of smaller, more fuel-efficient cars; and reduced travel for nonessential purposes. Additional savings can be achieved by adherence to the 55 miles per hour speed limit. According to the California Highway patrol, over 60 percent of motorists consistently exceed 55 MPH. It is estimated compliance with the 55 MPH speed limit could save 210 million gallons of gasoline annually.

Further price increases will have only a moderate effect on demand. The combination of all the factors noted, however, along with conservation and overall budgetary concerns, should prevent a resurgence in demand for the forseeable future.

TABLE 17

GASOLINE CONSUMPTION AND HIGHWAY TRAVEL IN CALIFORNIA, 1979

	Total Taxable Gasoline Sales		Total State Highway Vehicle Miles of Travel	
	(Millions of gallons)	Percent Change 1978-79	(Billions)	Percent Change 1978-79
January	965	6.3	6.52	4.5
February	942	9.0	7.11	7.7
March	1,005	0.6	7.09	6.2
April	962	0.3	7.39	5.3
May	998	-2.8	6.51	-10.4
June	950	-7.3	7.10	-5.7
July	948	-7.2	7.23	-5.2
August	1,013	-6.1	7.69	-2.8
September	949	-2.2	7.22	-3.0
October	962	-5.3	7.00	-2.8
November	931	-5.1	7.19	0.0
December	914	-11.0	6.99	-0.6
Annual	11,539	-2.8	85.04	-0.9

Sources: Board of Equalization and Caltrans, Office of Traffic Engineering.

California's Transportation System

California streets, roads and highways carry about 99 percent of all passenger travel in the State and about 70 percent of all freight movement. The State has almost 12 million registered autos and over three million commercial vehicles. Over 14 million licensed drivers, or about 90 percent of the adult population, are in California.

A wide variety of public transit is available in the State. There are both fixed rail and bus systems in the San Francisco Bay area, an extensive bus fleet in the Los Angeles region, and smaller bus systems in other urban and some rural areas. There are more than 115 transit systems using some 7,800 buses. Transit patronage for fiscal year 1978-79 was approximately 825 million.

Two passenger railroad services operate in California--Amtrak and Southern Pacific Railroad commuter trains. The two intrastate Amtrak routes carry about 900,000 passengers per year, while ridership on the Southern Pacific commuter runs to and from San Francisco average about five million riders per year. Thirteen major airports in California handle virtually all air travel. Overall, the State has 311 public airports and another 950 private airstrips.

Impact of State Investments

A complex system of public and private investments and expenditures are involved in providing transportation services. Similar complexity is encountered in determining their benefits to the state's economy. It is estimated that about $50 billion is spent annually on transportation in California. By far the greatest share of expenditures is made by the private sector for passenger and freight transportation--about 94 percent, or $46 billion. Included in these expenditures are the costs of owning and operating California's 12 million registered automobiles; paid fares for local transit, intercity bus, rail and airline trips; and the costs of trucking, rail, water and air freight.

The $3 billion spent annually in the public sector includes the costs of maintenance, operation and new construction of highways, streets and roads; and the maintenance, operation and new vehicle purchase for public transit systems. Such expenditures are expected to total $17 billion over the next five years. Of this amount, State expenditures for capital outlay in highways, mass transit and aeronautics will total some $2 billion. It is anticipated that $1.5 billion will be paid in wages and salaries as on-site and off-site labor compensaton, thus creating over 98,400 direct and indirect jobs in construction and related industries.

It appears that inflation will continue to be a major problem in transportation. Rehabilitation and construction of streets and roads require many petroleum-based products, which have escalated in price rapidly. The California Highway Construction Cost Index, the specific measure of all these costs, was above 300 in 1979 on a 1967 base. Little relief is expected over the next few years.

STATE ECONOMIC POLICY

Chapter 850, Statutes of 1977, requires a report from each Agency Secretary defining the policies of its subordinate departments, heads, and offices as they relate to the economic development of the State and actions taken during the past year to implement those policies. Statements of policy have been received as follows from the Secretaries of State and Consumer Services, Health and Welfare, Resources, and Business and Transportation.

STATE AND CONSUMER SERVICES AGENCY

Within the Agency there are several programs with a substantial impact in the areas of housing and employment. These are described below. The following listing also contains a brief description of other departmental and agency programs in 1979 of some significant present or potential impact on the State's economy.

Substantial Impact Programs and Activities

State Building Standards Commission -- Under a major reorganization instigated by the Agency, and brought about by the successful passage of SB 331, the State Building Standards Commission was extensively revamped. New powers were added and it was moved from the Department of General Services to operate as an independent unit of the Agency. All regulations adopted by State agencies that affect building standards must now be approved by the Commission before going into effect. There are tremendous potential ramifications to this change. Several national studies have demonstrated that excessive, contradictory or inconsistent government regulation has considerably added to the present cost of housing. With the Commission's new authority and responsibility it can simplify and standardize the presently chaotic State building code system. The cost of building homes could be reduced by this action both directly and indirectly as time savings are realized.

Inner City Food Task Force -- A special working group was assembled in 1979 to give particular attention to the increasing problem of inadequate food distribution in California urban areas. This inter-agency group was set up under the direction of the State and Consumer Services Agency. Its primary purpose is to develop faster and more efficient distribution networks to make food available to inner city residents. In addition to exploration and development of alternative delivery systems, efforts are also underway to stem or reverse the trend of large supermarkets leaving such areas. The work of the task force could serve as a model for urban economic revival and inner city employment. The Task Force is continuing into 1980.

Department of Fair Employment and Housing -- A second major reorganization began in 1979. At the request of the Agency, Governor's Reorganization Plan No. 1 calls for transfer of the Division of Fair Employment Practices and the Fair Employment Practice Commission from within the Department of Industrial Relations to the Agency as the new Department of Fair Employment and Housing. This reorganization is accompanied by a greatly

increased emphasis against housing discrimination to better the economic integration of protected groups. Effective in 1979, the Legislature enlarged the authority and responsibility of the department to include non-discrimination in licensing agencies and their operations and by state contractors. These new changes should work to increase economic opportunities for minorities, the disabled, and women, in particular, as well as benefit the overall economic health of the state.

Other Programs Affecting Housing and Employment Opportunities

A. The Cal-Vet loan program administered by the Department of Veterans Affairs continues to make low-interest farm and home loans to California veterans. In 1979 new loans and improvement loans totaled approximately $560 million. This includes support for 13,525 home purchases.

B. In support of better husbandry of the state's fossil fuel resources, the Department of Veteran's Affairs and the Agency have sponsored an amendment to AB 1963 (Fenton). It will set aside 10% of the $750 million Veteran's Bond Act of 1980 solely for the purpose of homes equipped with solar heating devices or home improvement loans to install such devices.

C. The Department of Consumer Affairs and the Agency are continuing in their efforts to improve the operation and effectiveness of the Contractors' State Licensing Board. Serious delays in the processing of inquiries may have a negative impact on housing starts. Temporary staffing scheduled to end in June of 1979 was preserved and made permanent in the Governor s budget. Some procedures have already been updated. Backlogs in license applications and complaint handling are being reduced.

D. The State Teachers' Retirement System has invested approximately $20 million through their Conventional Single Family Residential Real Estate Mortgage Program since 1978. This has provided an additional resource to the California secondary mortgage market, and in a corresponding fashion, an increase in housing loan monies available from primary lending institutions.

E. The Agency has contracted with the Council on Economic Priorities (CEP) to study the investment portfolios of PERS and STRS. Areas of concern include social responsibility, employment discrimination, and general investment criteria. This study is intended to provide, among other things, the PERS and STRS Boards with information on the potential impact of public pension fund investments on state economic development.

F. The Department of General Services is continuing to implement the Capitol Area Plan. This is a land use, housing, and construction plan for development in downtown Sacramento. A major component of that plan is the consolidation of state offices in the downtown area. This centralization is consistent with the Department's statewide planning policy that calls for consolidation of state facilities in urban areas whenever possible. This policy is central to the state's $335 million building program (scheduled to run through 1984). It should have an impact on California urban development in the first half of this decade.

G. The Department of Consumer Affairs with the support of the Agency drafted and are actively supporting the passage of SB 666 (Watson). The bill is designed to address the growing shortage of skilled nurses by increasing opportunities for licensure through alternative training and experience requirements. It offers increased upward mobility opportunities for licensed vocational nurses and registered nurses. It is intended also to result in the merger of the separate nursing regulatory agencies into one licensing board and offer a more comprehensive career opportunities program.

H. The Agency has begun several initiatives concerning disabled workers and employment opportunities. These include the development of a transportation policy for mobility-impaired employees to enable them to travel on work-related business. Lack of transportation facilities and policy severely hamper the ability of certain disabled employees to accept employment or to advance above a certain level of employment. Also included is a policy and procedure to improve communication with hearing impaired individuals, and a survey to discover architectural barriers that prevent and impede employment of disabled persons. This total effort, if successful, is intended for eventual expansion throughout state government and for use as a model for the private sector.

I. Auto Recycling Program - The Department of General Services is initiating an effort to refurbish state owned vehicles in lieu of purchasing new replacement cars. This will involve contracting with the private sector and thus stimulating non-governmental employment. The primary purpose of the program is to extend the life of state-owned vehicles in an economical and resource conscious manner. It will also provide a training apprentice program in automotive rebuilding and related fields. As many as 1500 vehicles could be affected annually.

HEALTH AND WELFARE

The continuing policy of the Health and Welfare Agency will be to assist all California residents who have the potential and the desire to become gainfully employed to find and hold meaningful, self-sufficient employment. The departments which comprise the Agency are again instructed to strive to attain this objective by structuring and planning all programs to aid these disadvantaged citizens in their search for economic security. Since the private sector supplies more than 80 percent of all jobs in the State, the Agency and its departments must continue to forge strong links with the business world to achieve this vital goal.

Public resources will be used to encourage economic development in order to create additional jobs. The top priority of the Agency will be to coordinate the use of public and community resources to bring about cost effective programs.

Coordinated, efficient programs should meld community providers of services with their state counterparts in order to bring the benefits of paid employment to those members of the work force most in need--those who have historically been structurally and significantly either unemployed or underemployed.

RESOURCES

It has been the policy of the Resources Agency to develop and support programs which contribute to maintaining and improving the quality of our environment and strengthen the vitality of our natural systems and resources. A healthy environment and the availability of natural resources on a sustaining or long-term basis are fundamental to the economic vitality of California.

In furtherance of these objectives, the following major initiatives were taken by the Resources Agency and its departments during 1979:

1. Proposed, and the Legislature established through SB 201, the Renewable Resource Investment Fund which will be the means for the State to encourage public and private sector investments in: agricultural and urban water conservation; urban, rural, and coastal parklands; forest resource improvements; soils conservation; and municipal wastewater reclamation.

2. Sponsored legislation (pending) entitled the "Parkland and Renewable Resource Investment Bond Act", (SB 547) to authorize a $495 million general obligation bond issue on the ballot which would (a) provide for State and local acquisition, development and restoration of parklands, coastal lands and historical resources; (b) expand State salmon and steelhead hatcheries; (c) provide State assistance for wastewater reclamation, and soil and water conservation programs.

3. Implemented through the Department of Forestry the California Forest Improvement Program, with a goal for reforestation and stand improvement of 40,000 acres in 1980-81. As part of the State's reforestation effort, the California Conservation Corps planted over 3,000,000 trees on 7,000 acres of State and Federal lands in 1979.

4. Sponsored through the Department of Forestry a program for planting and maintaining trees in urban areas. Such programs improve the urban environment and livability, conserve energy by better utilization of shade trees, and encourage the utilization of waste wood for wood products and energy generation.

5. Began a program of salmon and steelhead habitat restoration by the department of Fish and Game in the coastal streams of Del Norte, Humboldt and Mendocino Counties.

6. Through the Departent of Water Resources implemented an expanded water conservation program which provided for the distribution of household water conservation education in the schools. This expanded program, which was authorized in SB 201, represents a potential annual savings of approximately $10 million--$3 million in water savings, $7 million from reduced costs for heating shower water.

7. New legislation was introduced at the request of the Department of Water Resources to authorize the construction of the Peripheral Canal. This project is needed to assure an adequate water supply for California's important agricultural and urban needs and to ensure the future environmental quality of the Delta.

The Resources Agency energy policy is to first pursue energy conservation as the most available and cost effective approach to meeting short and long-term energy needs. Another high priority is to encourage and facilitate the development of new energy sources including geothermal, wood, solar, biomass and wind energy which will further increase employment opportunities at the local level and will promote economic development stability in the State.

In furtherance of this policy, the Resources Agency has:

1. Instituted a public leadership program in energy conservation for management of the facilities of the departments of the Resources Agency. State owned or leased buildings are being audited for energy conservation measures and are being managed to maintain the conservation over time.

2. Promoted solar, wind and biomass energy projects in facilities managed by the Departments of Water Resources, Forestry and Parks and Recreation.

3. Proposed financial and permit assistance programs to promote geothermal energy development in Northern and Southern California.

California has established a reputation for invovation in a number of key policy areas and technologies. One such policy area is energy conservation and development in which many technological alternatives are being researched and tested in order to develop efficient, benign and renewable sources of energy. In addition to the various efforts noted above which are exclusive to the Resources Agency, and in accordance with the Governor's directives and concerns, a number of state agencies have submitted new proposals totalling more than $35 million. More than $10 million is proposed from the General Fund and $25 million from a proposed Energy and Resources Fund (ERF) to be established in separate legislation. Funds for the ERF are proposed from the anticipated increase in tidelands oil revenue as a result of deregulation of heavy crude oil prices. These proposals include both new initiatives and program expansions which either relate to the conservation and/or development of energy (totalling more than $20 million), or to the management needs of other critical natural resources (totalling $15 million). These proposals are in addition to support for agencies such as the California Energy Commission and the Public Utilities Commission, both of which are budgeted for expanded activities related to energy policies.

BUSINESS AND TRANSPORTATION AGENCY

It is the policy of the Business and Treansportation Agency to coordinate and initiate a variety of programs designed to provide efficient transportation in the State of California, and foster a sound and progressive environment for the growth of the State economy. Several specific programs will be central to this effort over the coming year.

The first is the Century Freeway project, which will be facilitated through an interdepartmental working group under Agency direction. Housing and Community Development, Caltrans, and the Department of Economic and Business Development will work together to achieve several objectives. First, the State must help relocate or replace 4,200 housing units which construction of the Century Freeway in Los Angeles will require--a $1.8 million dollar project. Second, economic development activities must be targeted for the Century Freeway corridor to create new jobs in the area. This is of vital importance since approximately 240 businesses and 1,100 jobs will be directly displaced by freeway construction. A budget increase of over $1 million dollars has been approved by the Governor to match Federal 304 Funds for the 1980-81 year. The appropriation will provide direct loans to relocate affected businesses and stimulate the formation and expansion of small and minority-owned businesses. Finally, construction efforts must be closely monitored to ensure consistency with the State's transportation network.

A second project the Agency will concentrate on during the coming year is the successful implementation of AB 333, which appropriated $100 million for two new housing programs (rental housing construction and homeowner assistance) and the augmentation of the Housing Rehabilitation Program. The California Housing Finance Agency will be working with Housing and Community Development on this effort.

The Agency also expects to push for legislation during the present session which would provide incentives--and reduce disincentives--for housing production, and to continue its support for the commercialization of solar energy in California.

1980-81 CONTINGENCY PLAN
FOR EMERGENCY PUBLIC WORKS

Chapter 850, Statutes of 1977, requires that the Economic Report of the Governor include a summary of the Contingency Plan for Emergency Public Works.

The Contingency Plan has been developed as an extension of the capital outlay budget process by staff of the Department of Finance in coorperation with the various departments. In addition, the research staff of the Employment Development Department provided critical input. Responsibility for the content and conclusion of the plan is assigned to the State Public Works Board.

Background

In enacting Chapter 1030, Statutes of 1977, the State Legislature found and declared that properly timed capital outlay for needed public works are an important instrument for combating unemployment and for maintaining a healthly State economy. The primary purpose of this legislation was to establish procedures whereby an inventory of public works will be kept in readiness for implementation on short notice when and if funds become available during periods of severe unemployment. This inventory is to be updated annually.

Section 15799.6 of the Government Code, as added by Chapter 1030, requires the Contingency Plan to address the following:

1. The nature of the project and the public purpose to be served.

2. The location of the project, identification of the labor market or markets from which the direct labor force for the project would be drawn, and an estimate of the economic impact of the project on that labor market, as well as on the economy of the State as a whole.

3. The minimum number of days following assurance of funding required to begin on-site labor on the project.

4. The estimated cost of the project and possible sources of funds, as well as criteria required to be met to qualify for such funds, if known.

5. The estimated costs of maintenance and operation of the product of such a project upon completion, and the source of funds for such maintenance and operation.

6. The environmental impact report on the project, if required.

7. If more than one such project is proposed that will impact on the same labor market, a priority ranking for each such project and the reasons for such ranking.

The 1979-80 Contingency Plan for Emergency Public Works consists of both capital outlay and deferred maintenance projects. The "construction anticipated projects" include those which are in the 1980-81 Governor's Budget and are being reviewed by the Legislature. The "potential construction" projects have not been submitted for legislative review, but, in the opinion of the State Public Works Board, are one which could be implemented or accelerated to help alleviate unemployment.

As presented, the Plan excludes program areas under the control of the State Allocation Board, the Department of Transportation, and the Department of Water Resources as it relates to the California Water Plan. All of these areas are under guidelines established within other statutory programs and are not within the direct review and approval authority of the State Public Works Board.

To assist the regularly constituted Public Works Board in the evaluation of a contingency plan, Chapter 1030 further provides that the Director of the Employment Development Department shall meet with and advise the Board whenever the Board is engaged in activities related to the Contingency Plan for Emergecy Public Works.

Methodology of Preparing the Plan

The Contingency Plan reflects projects currently before the Legislature in the 1980-81 Governor's Budget, as well as potential construction and deferred maintenance projects. The "potential construction," capital outlay, and deferred maintenance projects were developed from information provided by departments specifically for the plan, and from projects taken from proposals deferred from prior budgetary requests. The evaluation criteria applied to all proposed projects also provided the basis for assigning the category/priority to the projects chosen for inclusion in the 1980-81 plan. The criteria used are as follows:

Category and Priority

a. First priority is assigned to those projects necessary to protect life and safety. In addition, this group would include projects necessary to protect operating facilities from serious deterioration impairing capital investment. Typical projects include elimination of architectural barriers to the handicapped, security projects in various state institutions, and deferred maintenance projects of a critical nature.

b. Second priority is assigned to those projects necessary to improve the operating capabilities of a facility or to make existing facilities operable. This category would include physical plant redesign and development to enhance the efficiency of the facility and would also include utility service lines (where not covered under life and safety criteria).

c. Third priority is assigned to those projects designed to meet critical capacity needs at existing facilities. Within this category will be found several proposed employee housing projects in more remote state facilities where the provision of state employee housing is consistent with state policy.

In general, departmental proposals were modest in their assessment of the costs of maintenance and operation of a project upon completion. Few of the proposals would increase annual costs above that expected for the programs involved. For the most part, the projects replace and make existing facilities more effective or satisfy normal program growth. Except for the latter, the proposed projects may result in operational cost savings as a result of more efficient operation. General operating budget resources will provide the source of funds to operate and maintain the facilities when projects are completed.

In the request for submissions to develop this Contingency Plan, departments were asked to indicate whether an Environmental Impact Report: (1) had already been filed; (2) is required, but a negative declaration has been filed; or (3) was not required as the project is categorically exempt. The majority of the respondents stated that either their proposal was categorically exempt or that a negative declaration was on file.

The 1980-81 Contingency Plan for Emergency Public Works identifies projects which would create a total of 92,679 person-months of employment at a cost of $454.5 million. Of the total, anticipated construction accounts for 13,860 person-months of employment at a cost of $64.2 million. Potential projects identified in the plan account for another 65,272 person-months of employment at a cost of $332.7 million. Deferred maintenance and special repairs would involve an outlay of $57.6 million, and would create 13,547 person-months of work.

As the Contingency Plan is directed to the various employment markets, the identification of the labor market or markets from which the direct labor force would be drawn becomes an important element. A factor in the construction trades is the mobility of the labor force so the county designation of the project in the Contingency Plan might not accurately reflect the labor market impact; however, it is the best measure available. An additional implementation problem arises from the fact that current statistical resources are not sufficiently refined to identify unemployment by various skill categories. For example, while unemployment might be high in an area, the rate among electricians might be low. Considerably more effort and information will be required in future years to develop an implementation technique that can compensate for these problems.

One of the more difficult issues to address is the minimum number of days following assurance of funding that will be required to begin on-site labor on the project. The planning effort that has been undertaken in many of the projects reported in the Contingency Plan is limited in many instances to the preparation of schematic plans. Many of the projects proposed in this plan need to be brought closer to the construction phase if they are to be valuable as a tool in counteracting unemployment. More detailed preliminary plans and the preparation of contract documents would precede on-site labor. Under the traditional capital outlay process, preliminary plans and working drawings are not prepared until funds have been provided in anticipation of

constructing a facility. In addition, the complexities of project management through the review process of the State Public Works Board and other legal requirements further extends the time line. Because of this, many of the projects proposed in this plan could not be advertised for construction bids immediately. As a result, estimates of the minimum number of days will extend from 15 days for a simple project to a year for the most complex proposal. If funds were immediately made available at least some projects could therefore be implemented on an emergency basis.

Table 18 provides a summary of the Contingency Plan by county. Information on specific projects is available on request from the Department of Finance.

TABLE 18

CONTINGENCY PLAN FOR EMERGENCY PUBLIC WORKS

Summary by County

County	Construction Anticipated Detail in 1980-81 Governor's Budget		Potential Construction Not Presently Funded		Potential Construction Deferred Maintenance and Special Repairs	
	Person Months	Amount	Person Months	Amount	Person Months	Amount
Alameda	792	$3,854,628	773	$4,417,900	299	$1,673,700
Amador	17	85,794	702	3,505,125	5	26,291
Butte	9	18,600	97	455,000	64	324,575
Calaveras	--	--	--	--	16	80,319
Colusa	--	--	85	425,000	8	6,500
Contra Costa	--	--	330	1,650,000	214	1,071,618
Del Norte	--	--	--	--	50	249,400
El Dorado	--	--	50	250,000	21	106,790
Fresno	54	154,500	377	1,882,615	44	211,650
Glenn	--	--	--	--	3	13,000
Humboldt	--	--	--	--	116	584,704
Imperial	27	130,600	224	1,113,052	--	2,200
Inyo	19	95,000	--	--	2	11,230
Kern	29	145,000	588	2,940,000	175	874,517
Kings	--	--	3	22,000	4	17,000
Lake	190	948,475	140	700,000	10	38,716
Lassen	49	207,800	--	--	42	208,000
Los Angeles	3,680	16,453,631	8,281	42,605,658	1,350	6,795,640
Marin	--	--	295	1,471,714	862	4,294,876
Mariposa	--	--	--	--	4	22,600
Mendocino	--	--	495	2,475,000	35	161,235
Merced	--	--	211	1,051,975	182	903,750
Modoc	--	--	--	--	1	5,000
Mono	13	67,500	--	--	2	10,000
Monterey	--	--	219	1,090,500	705	3,501,015
Napa	21	103,427	1,846	9,180,450	255	1,196,653
Nevada	--	--	11	54,000	21	96,198
Orange	153	761,000	4,641	23,320,270	80	400,726
Placer	--	--	--	--	12	57,640
Plumas	245	1,104,800	157	785,000	12	61,601
Riverside	10	32,300	3,671	18,347,500	218	1,091,466
Sacramento	234	1,167,100	3,885	20,015,090	351	1,718,279
San Benito	--	--	--	19,948,000	1	4,580
San Bernardino	133	617,300	914	4,565,700	198	961,900
San Diego	1,465	5,245,800	1,766	8,821,500	155	786,548
San Francisco	129	665,004	2,363	11,973,500	114	574,000
San Joaquin	90	450,525	3,976	19,948,000	79	388,500
San Luis Obispo	73	372,200	1	5,000	391	1,911,282
San Mateo	127	632,600	1,234	6,169,450	18	90,888
Santa Barbara	135	674,000	446	2,300,000	98	500,512
Santa Clara	31	43,600	2,384	11,915,600	59	297,500
Santa Cruz	173	865,000	1,490	8,880,000	105	514,005
Shasta	341	1,707,386	2	13,160	20	88,845
Siskiyou	--	--	--	--	15	70,500
Solano	34	144,400	750	3,752,285	282	1,405,926
Sonoma	16	45,800	2,854	14,426,300	70	328,287
Stanislaus	--	--	76	380,000	36	181,492
Sutter	40	200,000	115	575,000	14	100,000
Tehama	--	--	--	--	9	39,200
Tulare	41	91,900	4,614	23,164,600	2	8,000
Tuolumne	--	--	155	775,000	20	99,944
Ventura	44	118,100	6,403	32,010,900	7	41,770
Yolo	183	915,000	179	894,000	99	495,836
Yuba	66	124,600	40	200,000	41	305,000
Various	5,197	25,964,662	8,429	44,141,525	6,551	22,633,300
Totals, All Counties	$13,860	$64,208,032	65,272	$332,669,369	$13,547	$57,644,704

CALIFORNIA BUSINESS CYCLES

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CALIFORNIA BUSINESS CYCLES

I. Introduction

While economic fluctuation is a continuing feature of all economies, the cycles in which activities occur are erratic and ever-changing, and thus difficult to measure and predict. Yet, by studying these business cycles it is not only possible to increase understanding of how economies progress over time, but to improve ability to forecast changes, enabling action to be taken when it can become most effective. The ability to predict future cycles in economic activity fairly accurately is particularly crucial for state and local governments. Revenue and expenditure estimates, and consequently the preparation of annual financial plans, are greatly influenced by the performance of the California economy. During years of projected economic downturn, such as 1980, the need for information is even more crucial.

Nationally, business cycles have been studied extensively. Since 1938 the National Bureau of Economic Research (NBER) has measured, dated, and analyzed the expansions and contractions of the U.S. economy which have taken place for over 100 years. In contrast, relatively few studies have been undertaken at the regional level. In the case of California, prior work by the Department of Finance examined the timing and magnitude of cyclical changes, and noted various causes for National-State differences. Since that time, however, two recessions have occurred, accompanied by unprecedented rates of inflation, and energy developments which have had ramifications throughout the entire economic system. Furthermore, revision of the NBER dates of business cycle peaks and troughs as well as basic data revisions have outdated historical comparisons. For these reasons, a review of California business cycles seems particularly appropriate.

The report is divided into three general sections. The first reviews the work of the NBER in measuring the expansions and contributions of the U.S. economy, and summarizes the major approaches to conducting business cycle analyses. The following section examines indicators of the California business cycle and shows their relationshp to the trends for similar variables nationally. Finally, the overall performance of the California economy during the 25 year period, 1955-79, is analyzed.

II. Review of the National Business Cycle Measurement and Trends

The NBER

Economic developments within the U.S. economy have been analyzed extensively by the National Bureau of Economic Research, a private nonprofit research organization. Reference dates have been established for the peak and trough months of every business cycle since 1854. Table 1 summarizes the timing and duration of all such cycles since World War II. As of the end of 1979, the U.S. economy had been in an economic expansion which had lasted 57 months, one of the longest continued expansions during peace times.

In studying business cycles, and in eventually establishing peak and trough reference dates and defining recessions, the NBER examines a large variety of economic time series.[1/] Since the publication of their first list of indicators in 1938, a total of 800 cyclical indicators have been identified by the Bureau. Each of these indicators varies in timing, statistical adequacy, smoothness, and other characteristics.

In general, however, there are four major categories of indicators based upon their relationship to business cycle peaks and troughs. These are leading, roughly coincident, lagging, and other indicators (other indicators are commonly described as series with business cycle significance). When defining an overall business cycle, it is important to identify clearly the relationship of each potential economic indicator to business cycle timing.

Alternate Methods of Business Cycle Analysis

In analyzing the movement of an economy over time, a variety of approaches can be taken. With the choice of time series data, for example, aggregate economic measures can be used rather than measures encompassing only selected activities. Both types of time series have advantages and disadvantages. While studying selected activities helps in identifying very specific causes or effects of business cycles, the changes noted may not be representative of overall developments in the economy. On the other side, aggregate measures incorporating a large amount of data pose some problems. The frequent revisions and ongoing measurement problems with real gross national product (GNP) provides an illustration. Yet, despite any such limitations real GNP remains one of the most useful overall indicators of the condition of the U.S. economy.

1/ Contrary to popular misconception, the Bureau does not necessarily use the criterion of two consecutive quarters of decline in Real Gross National Product in defining a recession.

TABLE 1
DURATION OF BUSINESS CYCLE EXPANSIONS
AND CONTRACTIONS IN THE UNITED STATES,
1945-1979

Business Cycle Reference Dates		Contraction	Expansion	Complete Cycle	
Trough	Peak	Trough from previous peak	Trough to peak	Trough from previous trough	Peak from previous peak
		----------	-months	----------	
October 1945	November 1948	8	37	88	45
October 1949	July 1953	11	45	48	56
May 1954	August 1957	10	39	55	49
April 1958	April 1960	8	24	47	32
February 1961	December 1969	10	106	34	116
November 1970	December 1973	11	36	117	47
March 1975		16		52	

Note: Underscored figures are the wartime expansions, postwar contractions, and the full cycles that include the wartime expansions.

Source: National Bureau of Economic Research.

Another aspect of business cycle measurement is the extent of decline or increase to be considered significant. The most commonly used approach is to record periods of declining growth for some particular activity. It is also possible, however, to have business cycle changes without such absolute declines. As an example, a series which has grown over a long period of time at a 10 percent rate annually may undergo a dramatic change in cycle by merely slowing to a growth rate of 2 or 3 percent. While no absolute decline may have occurred, it becomes apparent that the cycle for that activity has changed significantly.

In national studies full business cycles generally last one or more years, while a particular phase has never been recognized at less than six months. In regional business cycle analysis these general criteria may not hold, and so it is important to examine cyclic changes regardless of criteria commonly used at the national level.

Selected characteristics of a business cycle can also be studied. It may only be necessary, for example, to identify turning points in the economy. Such turning point determination would contrast with the standard business cycle analysis of examining phases of economic expansion and subsequent phases of economic contraction. Another alternate approach would be to focus attention on periods of recession and the nature and extent of recovery immediately following, without reviewing subsequent periods of economic expansion. A final type of approach, and one which is gathering increasing attention and interest, is growth cycle analysis. In growth cycle analysis economic fluctuations around a long-term economic trend are examined, so that a trend adjusted business cycle is identified.

For this report, emphasis will be on identifying the peaks and troughs of the California business cycle, and analyzing the extent of decline and subsequent recovery both in absolute amounts and in relation to long-term trends.

III. Indicators of California Cycles

Regional business cycle analysis is limited by data. Many of the time series which are used nationally, such as investment and industrial production, are simply not available at the regional level. In seeking potential indicators for California a number of criteria were used. The indicators had to have been regularly available over a long time period. The data also had to be of a quality that would provide a reasonably accurate measure of what was occurring. Time series based upon extensive surveys or censuses were ideal in this respect. Other series based upon limited surveys and incorporating large amounts of estimates were least desirable. California series were also sought for which similar U.S. data are available. The use of such data would enable comparisons to be made between California and the U.S. for specific activities, as well as ultimately determining overall business cycles for the State to be contrasted with the cycles of the Nation. Finally, series were sought which were cyclical in nature, having clearly distinguishable peaks and troughs.

Indicators of the California business cycle were chosen from the personal income series, employment and unemployment data, the California index of leading indicators, and housing data. While it is acknowledged that other time series information could provide measures of the California cycle, time and data availability constraints resulted in limiting the analysis to these aspects of the economy. It was found, however, that the individual series which were chosen do provide a very clear picture of the expansions and contractions that have occurred in the California economy over the past 25 years.

In the following sections, graphs and detailed discussions illustrate trends for California economic indicators, and show their relationship to trends for similar variables nationally. (It should be noted that much of the data will be revised during 1980.) Many of the major differences in the performance of the two economies can be identified and analyzed from this information.

Personal Income--The personal income series is the best aggregate measure of economic activity in California. As such, it was a logical starting point for analysis. Transfer payments were excluded from the total since this form of income does not reflect increases in output.[1/] Furthermore, because transfer payments tend to increase during recessions and other periods of economic contraction, their inclusion would tend to mask downturns. The resulting income series was deflated by the U.S. personal consumption expenditures deflator. Both total and per capita real personal income trends were examined.

Real personal income in California is a coincident indicator of business cycle turns. Each of the four national recessions since 1955 are indicated by declines in the series; no other downturns appear. While total real personal income provided clear indications of business cycle changes, adjusting the series for population yielded even more distinct turning points.

1/ The personal income data used were the quarterly series prepared by the California Department of Finance and benchmarked to annual U.S Department of Commerce state personal income totals.

Nationally, real personal income excluding transfer payments was also a good indicator of U.S. business cycles. Quarterly downturns in the data coincided almost exactly to the NBER reference dates. The only problem with the series was that no cycle was measured for the 1969-70 national recession. Using per capita income, however, the 1969-70 cycle is indicated (although lagging considerably), while the turning points for the three other cycles during the 1955-79 period correspond closely to the NBER reference dates.

While turning point analysis identifies the fluctuations in personal income over time, it does not show the growth trends in the national and state series. In brief, personal income growth in California has tended to outpace U.S. growth. During 1955 California comprised 9.8 percent of U.S. personal income. By 1979 the proportion had risen to 11.8 percent. Although much of the growth was fueled from population increases[1/], its impact on the state economy has been none the less significant.

The level of income in California has made the State a market in and of itself for many producers. Few other regions of the country can make this claim. The relatively good growth in and high level of discretionary income has also encouraged rapid expansion of service-related industries, reducing the dependence of the State on goods-producing industries, which are the more susceptible to economic downturns. (Industrial distribution in California and the U.S. will be discussed in greater detail in the subsequent sections.)

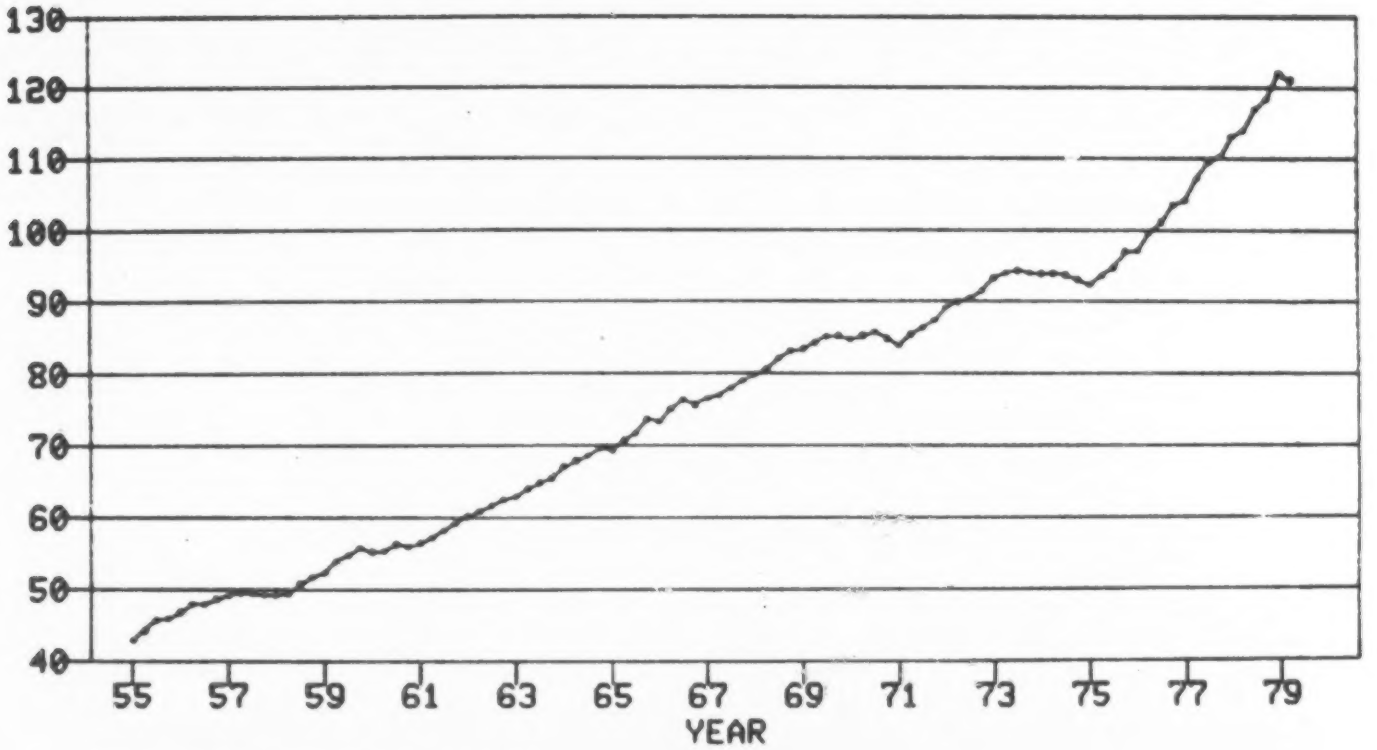
Nonagricultural Employment--Total nonagricultural wage and salary employment is a good proxy for aggregate economic activity within California. The series is prepared from a survey of employers and subsequently benchmarked to an almost complete count of workers in the State. Being on a monthly basis it could be argued that these data provide a more current and accurate indicator than the quarterly personal income series. Four employment time series were analyzed for business cycle significance: total nonagricultural employment, manufacturing employment, manufacturing employment excluding aerospace, and goods-producing industries employment.[2/]

As an indicator, total nonagricultural employment can best be categorized as a roughly coincident measure of business cycle turns, since the series has generally followed the business cycle peaks and troughs identified by the National Bureau of Economic Research. Total nonagricultural employment in California provided clear and distinct turning points in the state economy, and in many instances closely paralleled turning points nationally. Table 2 compares the peak and trough dates and duration of downturn for California and the U.S. over the period 1955-79.

[1/] Per capita income in California has steadily fallen from 125 percent of the U.S. average in 1955 to 114 percent in 1979.

[2/] These series are comprised of monthly employment data prepared by the California Employment Development Department (EDD). The data have been seasonally adjusted.

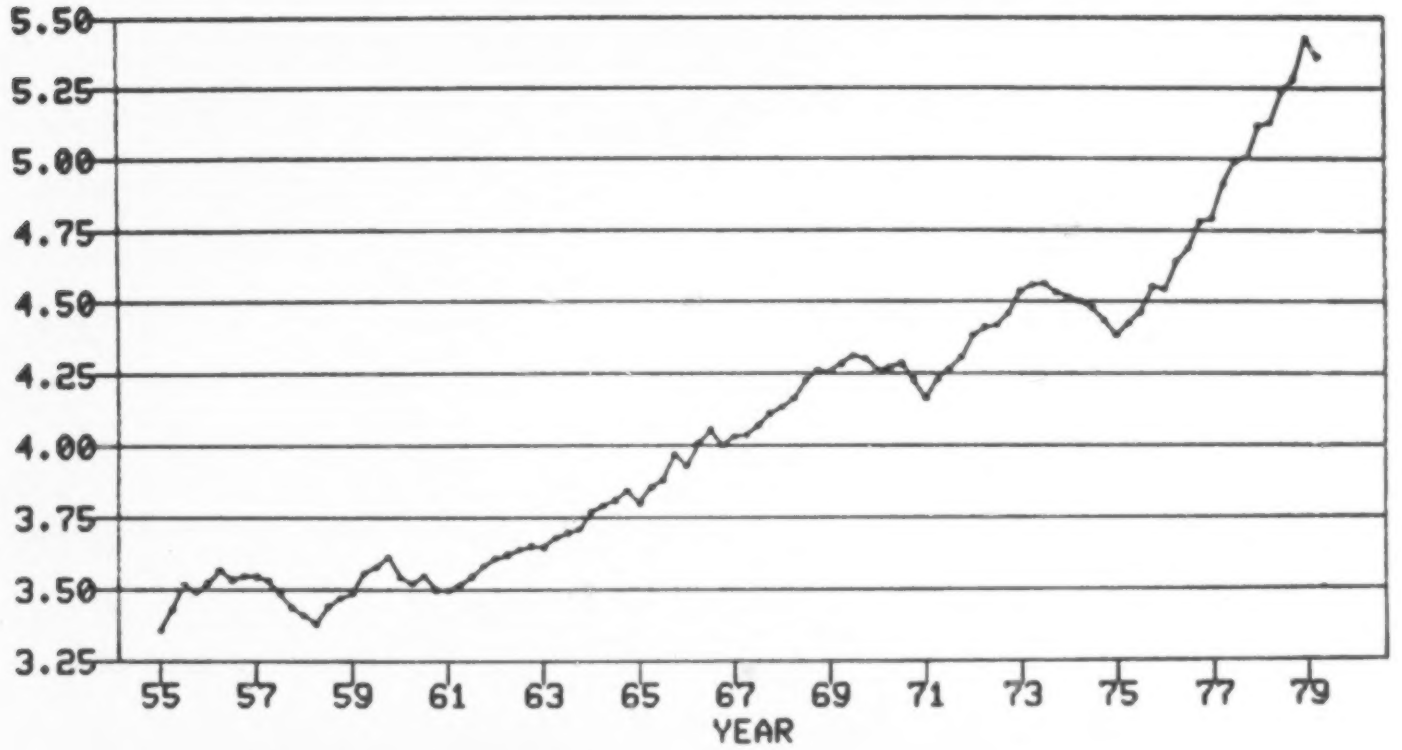
CALIFORNIA REAL PERSONAL INCOME
(EXCLUDING TRANSFER PAYMENTS)



IN BILLIONS OF DOLLARS
THE PERSONAL CONSUMPTION EXPENDITURES DEFLATOR
IS USED TO DEFLATE PERSONAL INCOME, 1972 $

SOURCE: CALIFORNIA DEPARTMENT OF FINANCE

CALIFORNIA REAL PERSONAL INCOME PER CAPITA
(EXCLUDING TRANSFER PAYMENTS)



IN THOUSANDS OF DOLLARS
THE PERSONAL CONSUMPTION EXPENDITURES DEFLATOR
IS USED TO DEFLATE PERSONAL INCOME, 1972 $

SOURCE: CALIFORNIA DEPARTMENT OF FINANCE

Both the duration of recessions measured by total employment and the extent of downturn for California and the U.S. have differed. For three of the four recessions since 1955, the degree of downturn in the California economy was less than that which occurred nationally. The one exception (1969-70) was attributable to the aerospace adjustment of the late 1960's and early 1970's, which affected the state particularly hard. In total, 29 months of decline in nonagricultural employment occurred in California over the four business cycles measured, versus 36 months of decline nationally.

Percent Decline From Peak to Trough
In Nonagricultural Employment

Recession	U.S.	California
1973-75	2.9	1.9
1969-70	1.0	2.3
1960-61	2.1	0.4
1957-58	4.3	3.1

Further insights into nonagricultural employment changes can be obtained by examining downturns in relation to the long-term trend. Adjusting business cycles for such trend enables the "growth-cycle" of a particular indicator to be identified. During the 1969-70 recession, the peak to trough decline was 1.0 percent in the Nation and 2.3 percent in California. When the ratios of actual levels to trend values are compared, however, the decline was 3.1 percent nationally and 5.5 prcent in California. Thus, on a trend adjusted basis both the State and Nation were even more severely impacted by the downturn. These patterns are shown in Table 3. The data also illustrate how California employment was growing faster than in the U.S. prior to the downturn, and partially as a result, took longer to return back to the trend level.

The effects of comparing actual employment to the trend adjusted level can also be observed in the 1973-75 recession. Prior to the downturn, U.S. nonagricultural employment was over 2 percent above trend, whereas California was less than 1 percent above. Although the duration of economic contraction was the same nationally as in this State, the U.S. had a greater decline and slower recovery. The peak to trough decline was 2.9 percent in the Nation and 1.9 percent in California. Using the ratios of actual values to trend values, however, the declines were 4.0 and 3.1 percent, respectively. Table 4 shows employment during the 1973-75 downturn both as a percent of peak month and as a percent of trend level.

TABLE 2

TURNING POINT COMPARISON:
NBER REFERENCE DATES AND U.S. AND CALIFORNIA
NONAGRICULTURAL EMPLOYMENT

Cycle	NBER Reference Dates	U.S. Nonagricultural Employment	U.S. Employment lead (-) or lag (+) to NBER Dates (months)	California Nonagricultural Employment	California Employment lead (-) or lag (+) to NBER Dates (months)
1973-75					
Peak	November 1973	October 1974	+11	October 1974	+11
Trough	March 1975	April 1975	+1	April 1975	+1
(Duration of contraction)	(16 months)	(5 months)		(5 months)	
1969-70					
Peak	December 1969	April 1970	+4	December 1969	0
Trough	November 1970	November 1970	0	January 1971	+2
(Duration of contraction)	(11 months)	(7 months)		(13 months)	
1960-61					
Peak	April 1960	April 1960	0	April 1960	0
Trough	February 1961	February 1961	0	August 1960	-2
(Duration of contraction)	(10 months)	(10 months)		(4 months)	
1957-58					
Peak	August 1957	March 1957	-5	September 1957	+1
Trough	April 1958	May 1958	+1	April 1958	0
(Duration of contraction)	(8 months)	(14 months)		(7 months)	

Source: National Bureau of Economic Research and California Department of Finance.

TABLE 3

U.S. AND CALIFORNIA
NONAGRICULTURAL EMPLOYMENT
1969-71

Year and Month		Nonagricultural Employment (Thousands) U.S.	CA	Employment as a Percent of Peak Month U.S.	CA	Employment as a Percent of Trend Levels/ U.S.	CA
1969:	August	70,742	6,976.4	0.9913	0.9924	1.0307	1.0338
	September	70,800	6,981.8	0.9921	0.9932	1.0294	1.0319
	October	70,957	7,007.9	0.9943	0.9969	1.0300	1.0330
	November	70,921	7,013.4	0.9938	0.9977	1.0268	1.0310
	December	71,119	7,029.7P	0.9966	1.0000	1.0274	1.0309
1970:	January	71,059	7,011.2	0.9957	0.9974	1.0244	1.0254
	February	71,201	7,012.5	0.9977	0.9976	1.0243	1.0229
	March	71,363 P	7,013.3	1.0000	0.9977	1.0244	1.0214
	April	71,283	6,986.4	0.9989	0.9938	1.0211	1.0139
	May	70,998	6,974.5	0.9949	0.9921	1.0150	1.0096
	June	70,888	6,964.7	0.9933	0.9908	1.0113	1.0056
	July	70,927	6,938.5	0.9939	0.9870	1.0097	0.9991
	August	70,750	6,919.7	0.9914	0.9844	1.0050	0.9941
	September	70,815	6,915.9	0.9923	0.9838	1.0040	0.9910
	October	70,385	6,984.5	0.9863	0.9808	0.9956	0.9853
	November	70,264 T	6,879.1	0.9846	0.9786	0.9918	0.9808
	December	70,661	6,877.2	0.9902	0.9783	0.9954	0.9780
1971:	January	70,752	6,861.4 T	0.9914	0.9761	0.9947	0.9732
	February	70,689	6,869.2	0.9906	0.9772	0.9917	0.9718
	March	70,766	6,864.9	0.9916	0.9766	0.9908	0.9689
	April	70,969	6,874.8	0.9945	0.9780	0.9915	0.9679
	May	71,129	6,874.1	0.9967	0.9779	0.9918	0.9653

P = peak month; T = trough month.

a/Trend calculated from January 1962 to December 1977.

Source: Based upon data from the California Employment Development Department and U.S. Bureau of Labor Statistics.

TABLE 4

U.S. AND CALIFORNIA
NONAGRICULTURAL EMPLOYMENT

1974-76

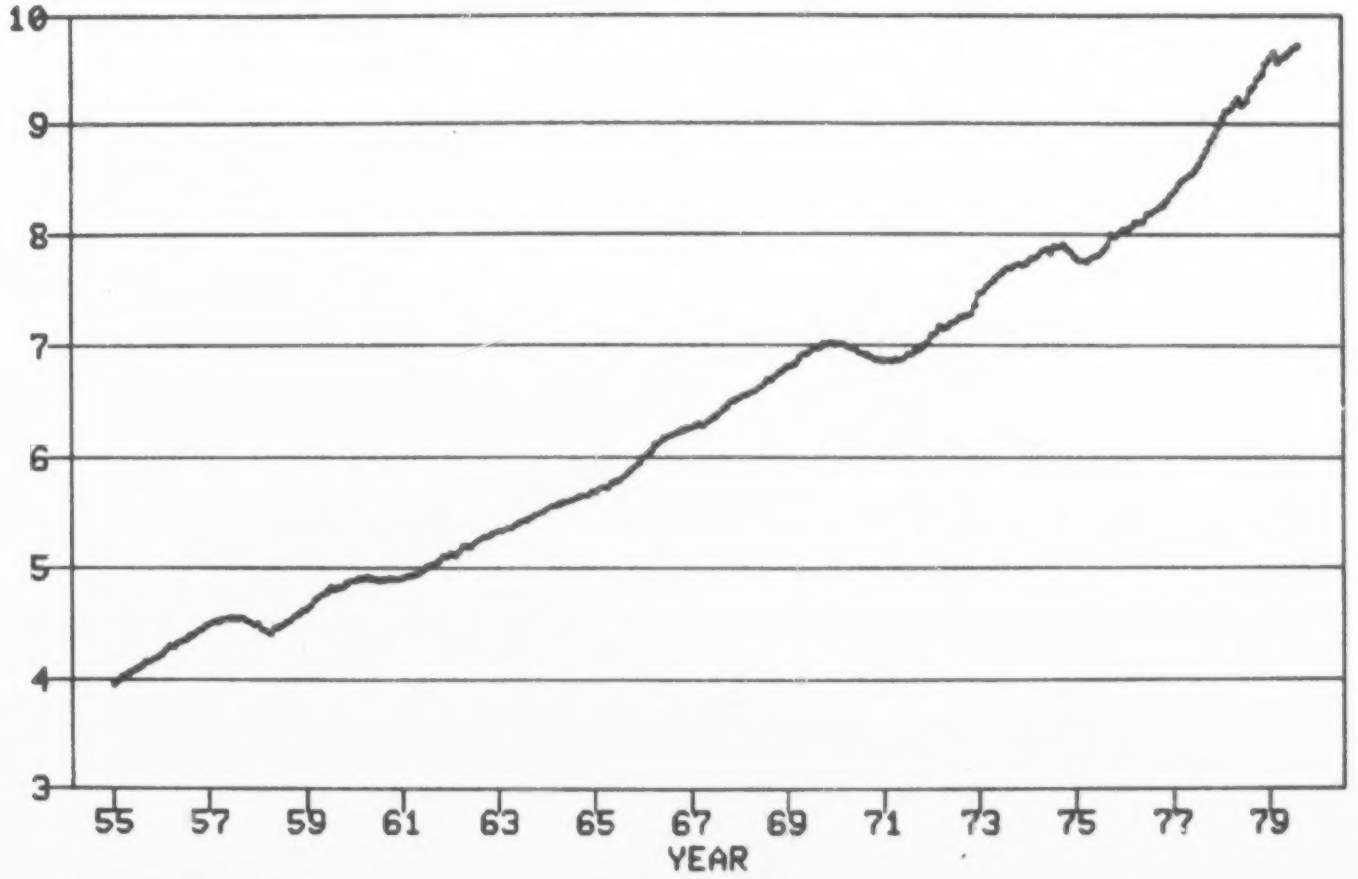
Year and Month		Nonagricultural Employment (Thousands) U.S.	CA	Employment as a Percent of Peak Month U.S.	CA	Employment as a Percent of Trend Levels/ U.S.	CA
1974:	January	78,020	7,737.0	.9926	.9795	1.0207	1.0064
	February	78,181	7,776.7	.9947	.9845	1.0208	1.0092
	March	78,184	7,780.8	.9947	.9850	1.0189	1.0050
	April	78,239	7,809.4	.9954	.9887	1.0177	1.0088
	May	78,381	7,850.5	.9972	.9939	1.0175	1.0117
	June	78,443	7,863.4	.9979	.9955	1.0163	1.0111
	July	78,492	7,822.7	.9986	.9903	1.0151	1.0036
	August	78,511	7,888.3	.9989	.9986	1.0134	1.0097
	September	78,542	7,878.1	.9993	.9974	1.0119	1.0061
	October	78,599 P	7,899.0 P	1.0000	1.0000	1.0107	1.0065
	November	78,234	7,864.3	.9953	.9956	1.0041	1.0000
	December	77,531	7,834.0	.9864	.9918	0.9932	0.9938
1975:	January	77,130	7,789.3	.9813	.9861	0.9862	0.9858
	February	76,699	7,706.3	.9758	.9824	0.9789	0.9799
	March	76,404	7,751.5	.9721	.9813	0.9732	0.9767
	April	76,312 T	7,750.1 T	.9709	.9811	0.9702	0.9744
	May	76,476	7,787.6	.9730	.9859	0.9706	0.9769
	June	76,409	7,796.6	.9721	.9870	0.9680	0.9758
	July	76,683	7,809.8	.9756	.9887	0.9695	0.9754
	August	77,092	7,851.0	.9808	.9939	0.9729	0.9783
	September	77,277	7,819.8	.9832	.9991	0.9734	0.9812
	October	77,523	8,000.9	.9829	1.0129	0.9747	0.9926
	November	77,607	7,973.8	.9874	1.0095	0.9740	0.9871
	December	77,843	8,014.2	.9904	1.0146	0.9751	0.9899
1976:	January	78,329	8,032.9	.9954	1.0170	0.9794	0.9900
	February	78,592	8,036.0	.9999	1.0173	0.9809	0.9883
	March	78,839	8,064.5	1.0031	0.0210	0.9822	0.9900

P = peak; T = trough.

a/Trend calculated from January 1962 to December 1977.

Source: Based upon data from the California Employment Development Department and U.S. Bureau of Labor Statistics.

CALIFORNIA TOTAL NONAGRICULTURAL EMPLOYMENT



IN MILLIONS
SOURCE: CALIFORNIA EMPLOYMENT DEVELOPMENT DEPARTMENT

Part of the reason for the relative strength of California over the period 1955-79 was the distribution of nonagricultural employment. California has a smaller proportion of employment in those sectors most vulnerable to economic downturns, such as mining, construction and manufacturing. Similiarly, a higher proportion of employment is in service, trade, finance and government, the sectors generally less susceptible to fluctuations. (In California these sectors comprise about a 5 percent larger share of total employment than the same sectors for the Nation.) Table 5 shows the changing distribution of nonagricultural employment for the U.S. and California over the years 1948, 1968, and 1978.

California's contrast to the U.S. in industrial structure is particularly evident in manufacturing, which is highly vulnerable to economic contractions. The magnitude of decline in such employment nationally during the last four recessions averaged over 9 percent from peak to trough. In contrast, the extent of decline for all nonagricultural employment was slightly over 2.5 percent. The downturn in manufacturing for California was less than for the U.S. during three of the four recessions, averaging approximately 8.4 percent. When aerospace employment is excluded from the total the peak to trough decline in the State was about 7 percent, a lesser decline than in the U.S. for every downturn from 1955-79. (Table 6 identifies the turning points and duration of downturn for U.S. and California manufacturing.)

TABLE 5

DISTRIBUTION OF NONAGRICULTURAL EMPLOYMENT,
UNITED STATES AND CALIFORNIA
1948, 1968, AND 1978

	1948		1968		1978	
	U.S.	CA	U.S.	CA	U.S.	CA
Total	100.0	100.0	100.0	100.0	100.0	100.0
Mining	2.2	1.1	0.9	0.5	1.0	0.4
Construction	4.8	7.4	4.8	4.4	4.7	4.5
Manufacturing	34.7	23.2	29.1	24.7	23.9	20.4
Durables	18.5	12.8	17.1	17.1	14.4	13.6
Nondurables	16.2	10.4	12.0	7.6	9.5	6.8
Trade	20.7	25.0	20.8	21.4	22.5	23.1
Transportation-Utilities	9.3	10.1	6.4	6.7	5.7	5.5
Finance	4.1	4.2	5.0	5.1	5.4	6.0
Service	11.6	13.2	15.6	17.3	18.6	21.0
Government	12.6	15.8	17.5	20.1	18.3	19.0

Source: Based on data from the California Employment Development Department

TABLE 6

TURNING POINTS IN MANUFACTURING EMPLOYMENT,
U.S. AND CALIFORNIA

Cycle	U.S.	California	California lead (-) or lag (+) to U.S. Manufacturing	California Excluding Aerospace	California (ex. aerospace) lead (-) or lag (+) to U.S. Manufacturing
1973-75					
Peak	December 1973	August 1974	+8	August 1974	+8
Trough	July 1975	April 1975	-3	April 1975	-3
(Duration of contraction)	(18 months)	(8 months)		(8 months)	
1969-70					
Peak	August 1969	August 1969	0	December 1969	+4
Trough	November 1970	March 1971	+4	November 1970	0
(Duration of contraction)	(15 months)	(19 months)		(11 months)	
1960-61					
Peak	February 1960	February 1960	0	April 1960	+2
Trough	February 1961	January 1961	-1	December 1960	-3
(Duration of contraction)	(12 months)	(11 months)		(8 months)	
1957-58					
Peak	February 1957	July 1957	+5	July 1957	+5
Trough	May 1958	April 1958	-1	April 1958	-1
(Duration of contraction)	(15 months)	(9 months)		(9 months)	

Source: California Department of Finance

Percent Decline from Peak to Trough
In Manufacturing Employment

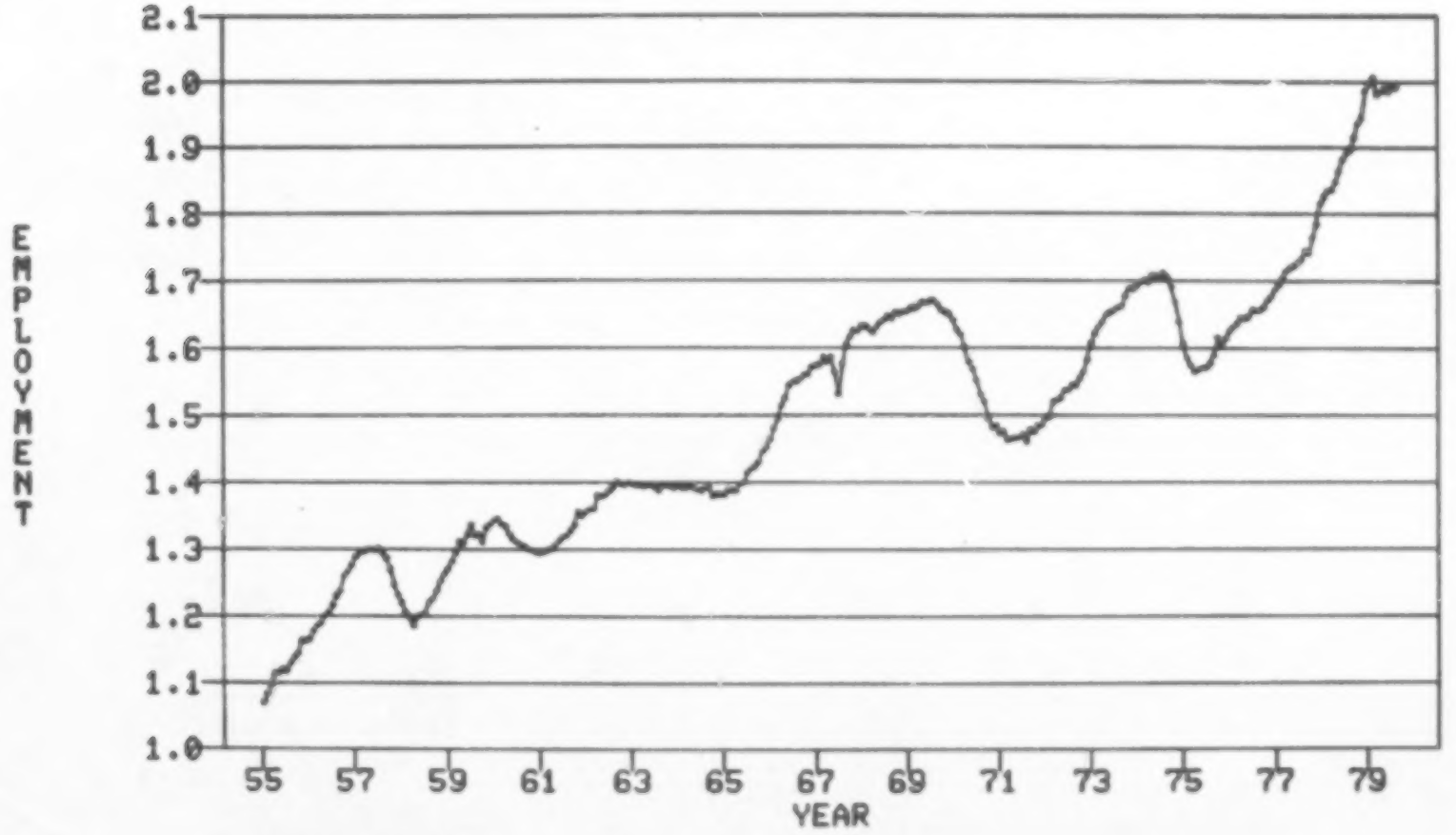
Recession	U.S.	California (Total)	California excluding Aerospace)
1973-75	11.5	8.6	8.1
1969-70	8.8	12.4	7.6
1960-61	6.3	3.9	4.9
1957-58	10.0	8.8	7.5

The role of aerospace in the State requires some elaboration since it is an autonomous sector--that is, largely independent of general economic conditions. Aerospace activity is primarily influenced by Federal expenditures for defense and space programs and by commercial aircraft orders. As a result, the cyclical patterns of the industry do not necessarily correspond to overall economic developments. During periods of contraction, for example, aerospace growth may serve to offset recessionary impacts. Conversely, if the industry is in a period of decline this will increase the severity of a downturn.

Aerospace employment is defined by the California Employment Development Department as the number of employees in the following industries: aircraft and parts; guided missles and space vehicles; measuring and controlling instruments; electronic components and accessories; communication equipment; radio and TV receiving equipment; and office computing and accounting machines. The definition unavoidably includes employment not directly related to defense or aerospace, such as some household appliance and various consumer electronics production. Yet, despite the inexactness of the measure, it is the best available definition regularly published.

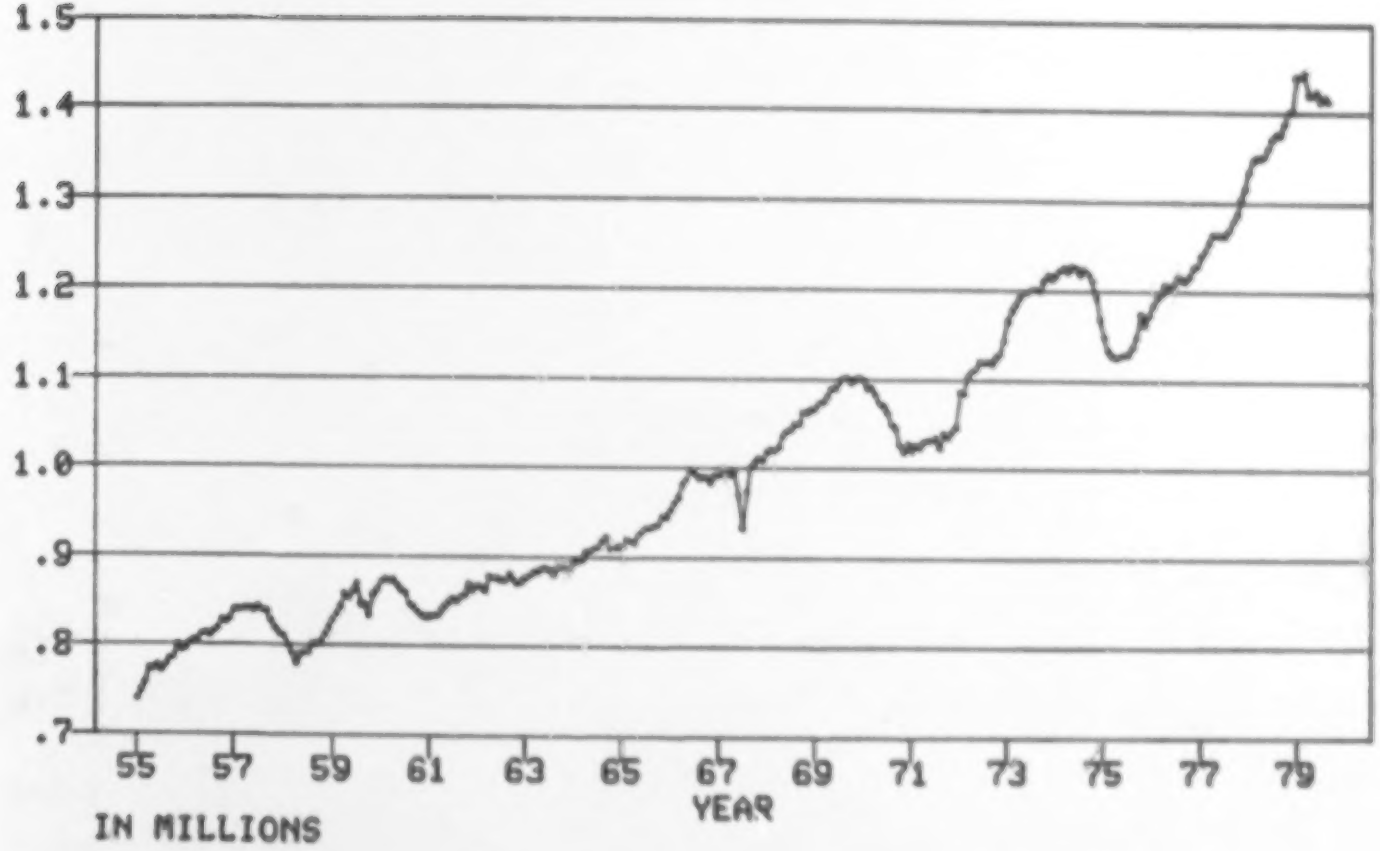
The manufacturing industry mix is another important source of difference between California and U.S. business cycles. In addition to having a smaller proportion of total employment in manufacturing, this State has a smaller proportion of the basic manufacturing industries, such as primary and fabricated metals, automobiles and heavy equipment, and textiles and apparel. These and other basic industries tend to be most vulnerable to economic downturns. In place of such activities, California industry has tended to emphasize high technology areas, such as those used in the aerospace industry. The worldwide demand for higher technology goods, and the competitiveness of California producers, has helped to create a growth industry in the State which is usually relatively immune from fluctuations in the overall economy.

CALIFORNIA MANUFACTURING EMPLOYMENT



IN MILLIONS
SOURCE: CALIFORNIA EMPLOYMENT DEVELOPMENT DEPARTMENT

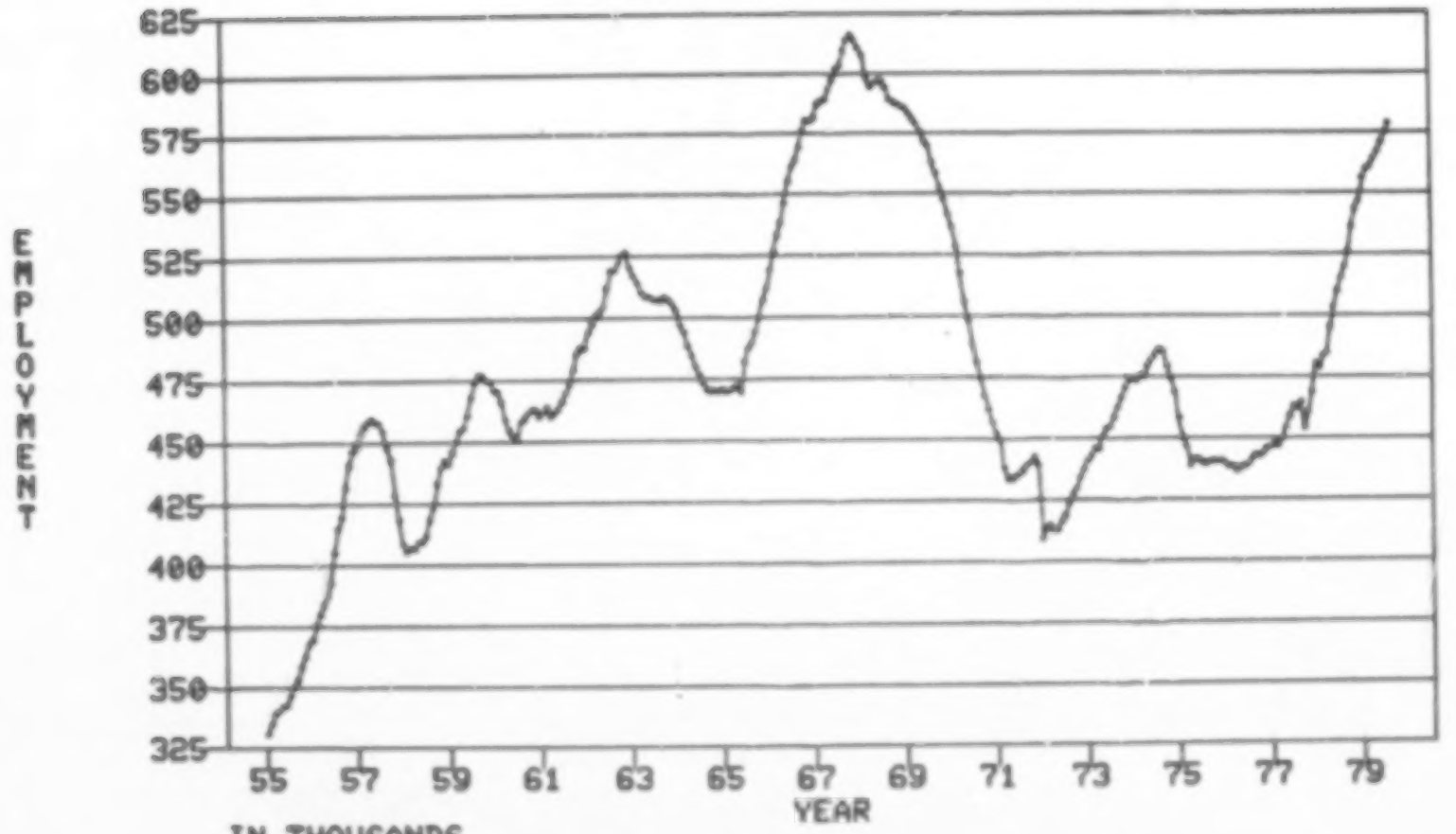
CALIFORNIA MANUFACTURING EMPLOYMENT (EXCLUDING AEROSPACE)



IN MILLIONS

SOURCE: CALIFORNIA EMPLOYMENT DEVELOPMENT DEPARTMENT

CALIFORNIA AEROSPACE EMPLOYMENT



IN THOUSANDS

SOURCE: CALIFORNIA EMPLOYMENT DEVELOPMENT DEPARTMENT

Finally, employment in California goods-producing industries (mining, construction, and manufacturing) was examined as a measure of business cycle turns. A roughly coincident to leading indicator, the series tended to lead turns in the California economy by two months or less. Only during the 1973-75 national recession did the series lag behind the estimated downturn in the State. As an indicator of the end of economic contractions, goods producing employment was particularly accurate. This might be expected since the U.S. goods-producing employment data also showed a strong relationship to national peaks and troughs. The California series coincided almost exactly with upturns in the state's economy following recessions. Since the series is comprised principally of manufacturing, its businss cycle is influenced mainly by those factors discussed in the preceding material.

Unemployment--The unemployment rate provides a fairly accurate indicator of employment conditions. As a result, the rate is also a good indicator of the overall situation of the California economy at any particular point in time. One problem with the series, however, is that the methodology used to estimate state data was completely revised in 1967, and subsequently modified in 1970. Since the latter break in the data occurs during the time a national recession was underway, it is not possible to isolate the effects of the recession from the effect of the change in the series itself. For other recessions over the period 1955-1979, the rate provides clearly identifiable peaks and troughs that correspond roughly to national peaks and troughs as defined by the NBER.

Although the California unemployment rate generally tracks the U.S. unemployment rate in peaks, troughs, and duration of downturn, the extent of downturn and the level of the rate frequently differ. For more than two decades the state's unemployment rate was one-half to as much as 1 percent higher than the national rate. Also, both the length and magnitude of increase have been slightly greater in California than nationally over the period 1955-79. The following table summarizes the peak to trough rises in unemployment rates for California and the U.S. (As noted, the data revision initiated in 1970 makes comparisons unreliable for the 1969-70 period.)

Unemployment Rate Increase,
Peak to Trough

Recession	U.S.	California
1973-75	4.5	3.8
1969-70	2.7	5.2
1960-61	2.3	2.8
1957-58	3.8	4.3

An important contributor to the higher level of unemployment in the State appears to be net inmigration. The data on total nonagricultural employment support this point. California employment growth has tended to equal or exceed that occurring in the nation, yet such growth has not been sufficiently large to offset the increasing numbers of persons looking for work.

The role of population growth in the cycles of unemployment, as well as the cycles of other indicators, must be emphasized. For over a century California has been a magnet attracting people from other parts of the country. While in-migration has subsided at various times, the general trend has not. Over the years examined in this report, 1955 through 1979, California population growth has consistently equalled or exceeded the growth occurring nationally. Table 7 illustrates the magnitude of the differences between national and State population growth rates.

Despite being a factor in increased unemployment, the continual infusion of new people into the State has been an underlying source of strength to the economy. With population growth have come new worker skills, job competition, and rising consumer demand for the goods and services provided by California businesses.

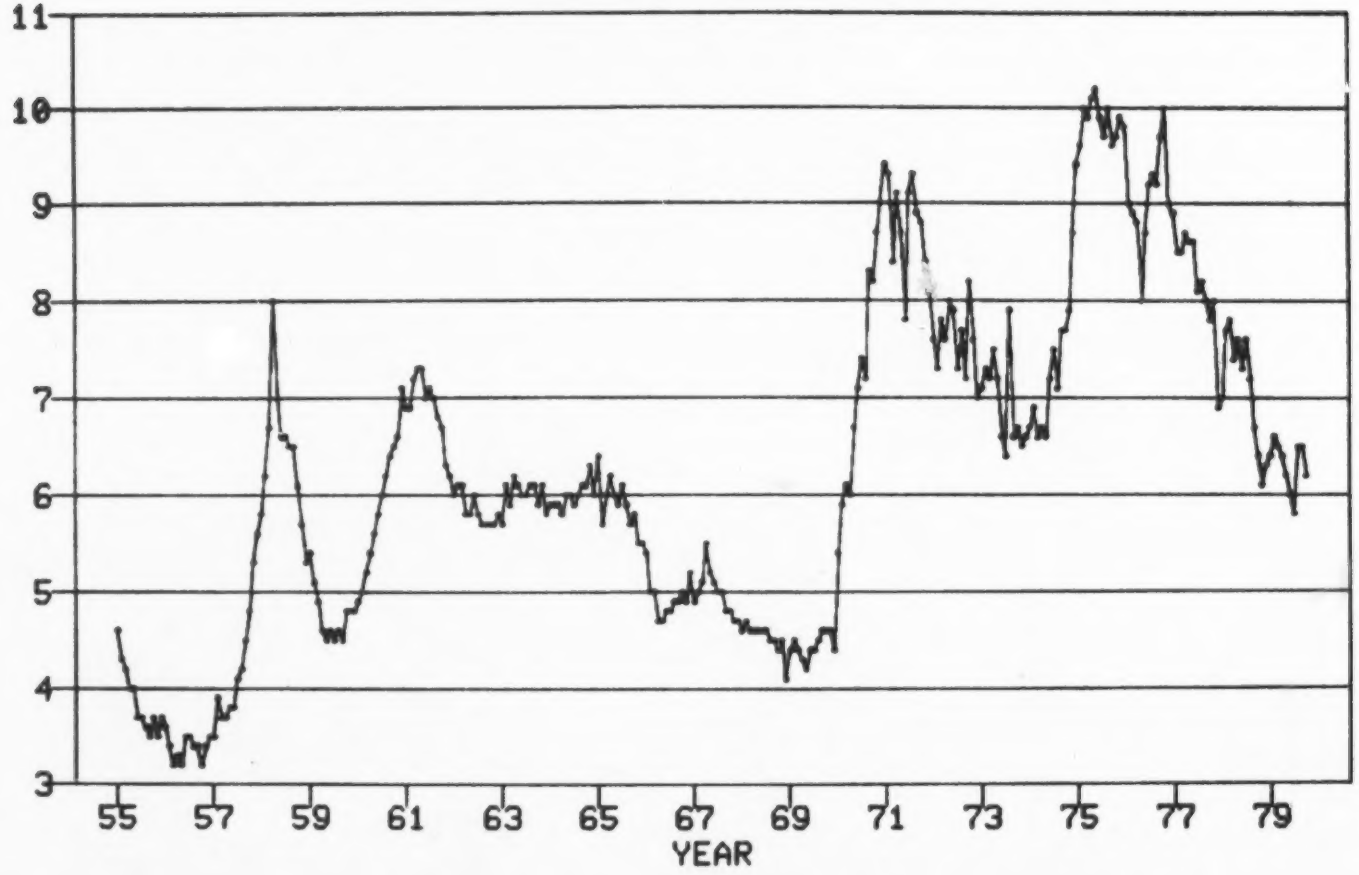
Table 7

POPULATION GROWTH IN THE
UNITED STATES AND CALIFORNIA, 1955-79

Year (July 1)	Percent Change		Difference (California-U.S.)
	United States	California	
1955	2.0	3.9	1.9
1956	1.8	4.4	2.6
1957	1.8	4.4	2.6
1958	1.7	4.0	2.3
1959	1.7	3.7	2.0
1960	1.6	3.8	2.2
1961	1.7	3.5	1.8
1962	1.5	3.3	1.8
1963	1.5	3.4	1.9
1964	1.4	2.8	1.4
1965	1.2	2.4	1.2
1966	1.1	2.0	0.9
1967	1.0	1.8	0.8
1968	1.0	1.3	0.3
1969	1.0	1.6	0.6
1970	1.2	1.4	0.2
1971	1.2	1.2	0.0
1972	1.0	1.0	0.0
1973	0.8	0.9	0.1
1974	0.7	1.2	0.5
1975	0.8	1.4	0.6
1976	0.8	1.6	0.8
1977	0.8	1.6	0.8
1978	0.8	1.9	1.1
1979	0.9	1.7	0.8

Source: U.S. Bureau of Census, and California Department of Finance Estimates.

CALIFORNIA UNEMPLOYMENT RATE



SOURCE: CALIFORNIA EMPLOYMENT DEVELOPMENT DEPARTMENT

Index of Leading Indicators--The California index of leading indicators was established by the Department of Finance in 1975 to identify trends in business activity. Nine major leading economic series are incorporated in the index, with seven relating specifically to California[1/] and two national series that also impact on the State (industrial prices and stock market prices). The index covers the period 1958 to the present. During the 1960-61 and 1969-70 recessions the index led the downturn by 10 and 7 months, respectively. The series also signalled a major fluctuation during 1966-67. Although no full recession occurred at this time there was a minor downturn. Therefore, while the index detected the change in business cycle conditions during that period, it tended to overestimate the extent of the economic contraction.

It is also useful to measure the performance of the indicator in determining trough months, or the end of recessionary periods. During the 1960-61 and 1969-70 recessions, the upturn in the index led the upturn in the economy by approximately four to six months. This provided a good measure of when the California economy could be expected to reach normal or above normal growth. During the 1973-75 recession the upturn in the California index of leading indicators upturn coincided almost exactly with the economic upturn in the state's economy.

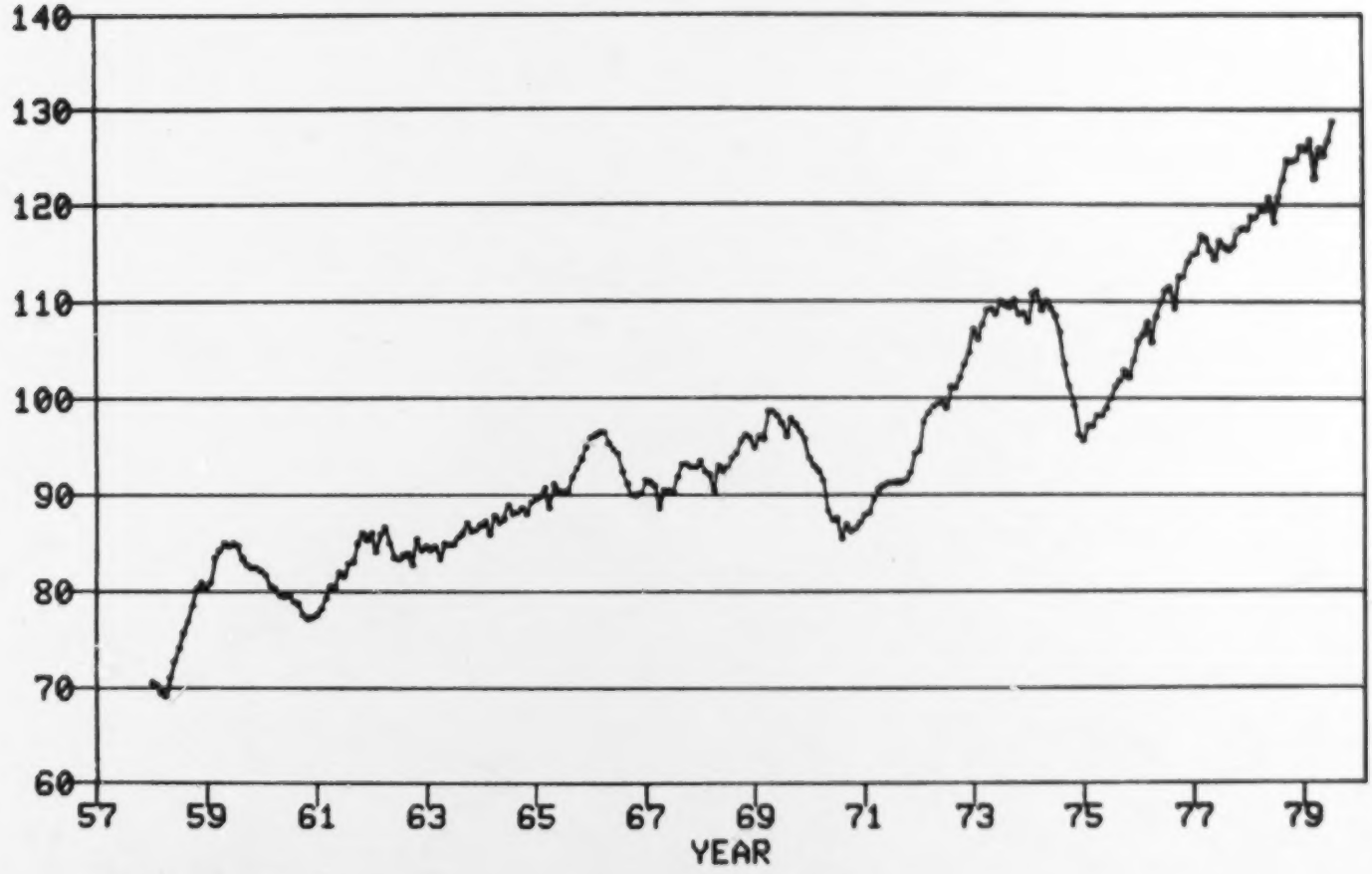
Housing--Housing units were tested as an indicator of overall changes in the California economy.[2/] Although only the 1969-70 and the 1973-75 recessionary periods could be examined for California (since consistent monthly housing data is only available from 1963), during this 17 year period housing unit peaks and troughs did not particularly lead or coincide with the peaks and troughs of the overall California economy. At times the series led by more than a year; at other times ongoing high levels of demand caused it to lag considerably.

During the 1973-75 recession, California housing units turned down as early as late 1971. Surprisingly, however, the trough in the housing cycle during this recession coincided exactly with the trough in the overall California and U.S. business cycles. This would seem to be mere coincidence, however, given the inconsistency of the California housing series as an indicator during previous periods. As example, California housing units indicated a downturn beginning in 1963 and not reaching its trough until late 1966. This downturn, due in part to prior levels of homebuilding which resulted in an excess housing supply, was of long duration and major decline and did not correspond to the overall condition of the State or the national economies.

1/The California series are: average weekly hours of production workers in manufacturing; overtime hours in manufacturing; private housing units authorized; nonagricultural job placements, weekly average; initial claims for unemployment insurance, weekly average (an inverse factor); help wanted ads; and new business incorporations.

2/Housing units authorized by building permits, as prepared by Security Pacific Bank. The monthly data have been seasonally adjusted.

CALIFORNIA INDEX OF LEADING INDICATORS

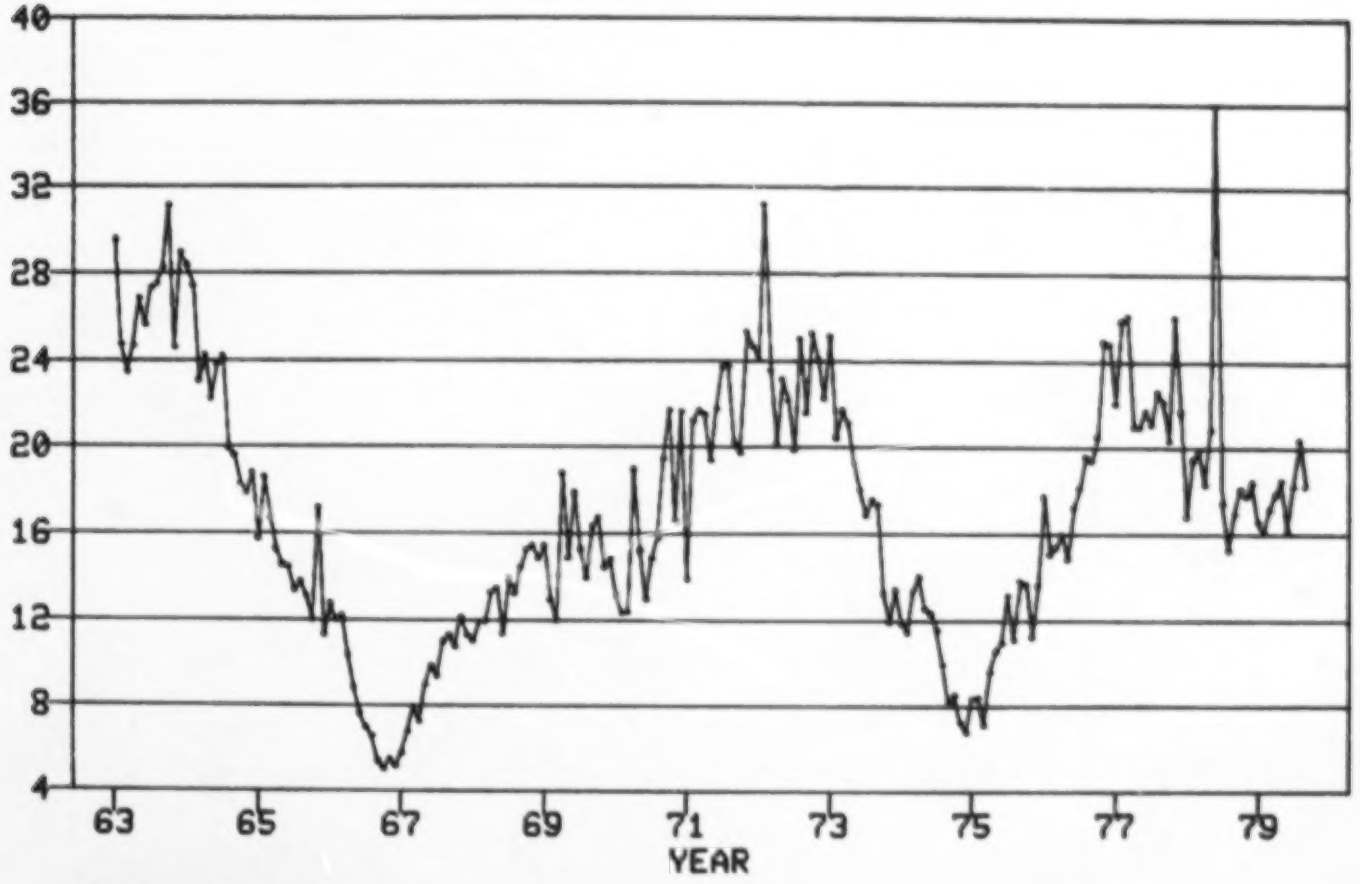


1972=100
SOURCE: CALIFORNIA DEPARTMENT OF FINANCE

Nationally, where detailed information has been available for decades, housing units authorized by permits have led economic downturns by about six months. Over the 1955-79 period, however, the U.S. series on housing units gave mixed signals. No significant downturn was indicated during the 1960-61 national recession, for example. During the 1963-66 period a major downturn was indicated, as was the case for the California series. While a downturn in U.S. housing occurred in 1969 and 1970, it lead the overall downturn of the national economy considerably. During the 1973-75 period, U.S. housing units authorized roughly coincided with the downturn in the U.S. economy.

Although housing activity is a significant indicator of business cycles changes, it needs to be reviewed along with other economic trends. As noted, both the supply and demand sides of the market can cause fluctuations in the number of units authorized. In the case of California, demand has been strongly influenced by population, and in particular surges in net immigration. Other demand factors of importance include selling prices, the level of interest rates and the availability of mortgage credit, and buyer income. The major supply factors--material, labor and land availabliity and cost--directly affect construction. In some instances, government and other political actions can impact housing supply, such as the passage of Proposition 13 and the imposition of rent controls in selected communities.

CALIFORNIA HOUSING UNITS AUTHORIZED



IN THOUSANDS
SOURCE: SECURITY PACIFIC NATIONAL BANK

IV. EXPANSIONS AND CONTRACTIONS IN THE CALIFORNIA ECONOMY, 1955-1979.

It is not possible to determine an overall business cycle for California with the same precision that has been done nationally. Nevertheless, an attempt has been made to define a California cycle for comparison with the national. In preparing such reference dates for the State, potential indicators from both California and U.S. economic time series were examined as to the months or quarters in which peaks and troughs occurred. These indicators and their performance were discussed in detail in the previous chapter. The basic criterion in determining the suitability of each California time series as an indicator, was how the same time series nationally matched the NBER peaks and troughs for the U.S. economy. Potential California indicators were also examined to determine whether they represented leading, roughly coincident, or lagging indicators. Once again, the performance of similar indicators nationally was the main criterion.

Due to the relatively limited amount of data, and the different forms in which the data are available, it was not possible or particularly suitable to use a detailed statistical methodology for preparing an overall California cycle. Rather, an assessment of the peaks, troughs, and extent of downturn for each of the variables was made, both independently and collectively, to estimate dates for California cycles.

Table 8 summarizes the dates of expansion and contraction in the California economy, along with national reference dates as defined by the National Bureau of Economic Research.

TABLE 8

COMPARISON OF U.S. AND CALIFORNIA ECONOMIC CONTRACTIONS

Cycle	U.S.[1]	California
1973-75		
Peak	November 1973	September 1973
Trough	March 1975	March 1975
Duration	(16 months)	(18 months)
1969-70		
Peak	December 1969	January 1970
Trough	November 1970	January 1971
Duration	(11 months)	(12 months)
1960-61		
Peak	April 1960	April 1960
Trough	February 1961	August 1960
Duration	(10 months)	(4 months)
1957-58		
Peak	August 1957	September 1957
Trough	April 1958	April 1958
Duration	(8 months)	(7 months)

[1]/As defined by the National Bureau of Economic Research.

Source: California Department of Finance

1957-58

The 1957-58 recession was a reaction to the exceptionally high level of investment and consumption during 1955 and the first part of 1956. As in earlier periods, business overestimated the strength of consumer demand evident during the post-Korean War expansion. As a result, business investment during these two years was excessive for short-run demand. Prices began to rise at the start of 1956, just as consumer purchases of automobiles, new homes, and related items began to taper off. In addition, monetary conditions played a more important role. Interest rates rose gradually from early 1955 through August 1957, and the money supply tightened. The prerequisites for recession were, therefore, well established by mid-1956.

Employment gains in California prior to the peak had been extremely strong--around 5 percent in nonagricultural employment and over 8 percent for manufacturing. Total nonfarm employment fell by 3.1 percent in the eight months to April 1958 and by that time was over 2 percent below the trend value. Nationally, the employment decline amounted to 4.3 percent which placed the total about 4.5 percent below trend. Cuts occurred primarily in construction, durable goods manufacturing, transportation, trade, and Federal employment.

Manufacturing trends during this cycle may be sharply contrasted to the earlier recessions when the sector was supported by strength in the aerospace industry. In 1958, Douglas Aircraft Company was confronted with a falling order backlog. The ordnance industry was adversely affected by the cancellation of the Navajo missile contract. Auto industry employment was also curtailed sharply in direct response to the slowdown in car sales nationwide. Employment dropped to 22,000 in April 1958 from a level of 35,000 to 38,000 during the first half of 1957. In total, employment in durable goods industries fell by nearly 11 percent from August 1957 to April 1958. The total for nondurable goods industries eased only slightly--from approximately 414,000 to 400,000.

The national recovery was in some measure due to the the particularly effective working of both monetary and fiscal policy. This period saw such policy actions as reduction in the discount rate in stages from 3.5 percent in August 1957 to 1.75 percent in April 1958.

Other factors contributing to the upturn were a rise in exports, an increase in state and local expenditures and the resumption of inventory accumulation. The recovery proceeded strongly for several quarters into early 1959. There were actually two recovery peaks--one before and one after the 116-day steel strike of the third and fourth quarters of 1959. In fact, this strike was one factor preventing complete economic recovery and contributing to the recession of 1960-61. The expansion which would, under normal circumstances, have occurred after that time, however, was restrained by restrictive monetary and fiscal policy. Federal expenditures were held in check during this period so that the Federal budget on a national income accounts basis registered a surplus from the first quarter 1959 to the third

quarter 1960. In part these actions were designed to improve the relatively poor balance of payments situation which existed in 1958 and 1959, and to prevent inflationary pressures from building up during the post-recession expansion. In actuality they constrained economic recovery to the point at which a new recession could not be avoided.

1960-61

As suggested previously, this slowdown occurred in part as a result of the incomplete recovery from the 1957-58 contraction and the Federal budget cuts of 1959. The lesser importance of these two factors in California may explain why the State was relatively little affected by this cycle. The level of Federal spending does not appear to have been cut significantly in California if the two readily available indicators are valid: government employment increased strongly in both 1960 and 1961 and defense contracts rose from $4.84 billion to $5.28 billion between fiscal 1960 and 1961. These developments certainly helped to offset contraction in other sectors.

Restrictive monetary policy was a major contributor to the 1960-61 recession. The money supply had been growing at about a 5 percent rate during 1958 and the first part of 1959. Following that time, however, the increase in this measure slackened sharply and for the latter months of 1959 and the first quarter of 1960 an actual decrease was registered. The discount rate was raised three times during 1959. Interest rates on business loans in the State increased from 4.76 percent in September 1958 to 5.70 percent in June 1960 in San Francisco and Los Angeles.

It was during this recession that a shift occurred in the relationship of the California and national unemployment rates. Between 1950 and 1953, the national rate averaged about 1 percent less than the California rate. During the 1954 recession, the rate for the entire United States soared, while a more moderate increase took place in the State. As a result, the California unemployment rate was below its national counterpart for several years. In 1960, this situation was again reversed. In May, 1960 the State unemployment rate was already moving higher and at that time stood at 5.6 percent of the labor force. By April of 1961, the rate was at 7.3 percent compared with 7.0 percent nationally. The California rate did not fall below the national rate again until November, 1979.

The cuts in manufacturing were relatively mild, and persisted for only four months after the national trough. The decline in durable manufacturing employment was moderate, as employment fell only 2.7 percent from the peak month. Relatively severe declines were felt in lumber and wood products, primary metal industries, furniture, and motor vehicle production. Lesser cuts took place in most other industries.

With inflationary pressures not a problem, monetary policy was used aggressively to promote expansion. Open market transactions at this time were specifically designed to lower interest rates on long-term instruments. The reduction in the discount rate from June through August 1960 and in commercial bank reserve requirements in September and December of that year, as well as the July cut in stock margin requirements, were actions designed to make credit more readily available and to stimulate demand through lower lending charges.

1969-70

This downturn resulted primarily from monetary and fiscal restraints designed to curb inflationary pressures--particularly the pressures that developed from 1967 to 1969, and which resulted largely from the buildup for the Vietnam War. Between November and December 1967, for example, consumer prices rose at an annual rate of approximately 7.2 percent. Monetary policies introduced during 1969 to slow growth in business activity, reduce demand for production and resources, and constrain widely held expectations of further rapid price increases, had not taken hold by the start of 1970. Restraints were therefore continued during 1970 to further reduce price pressures.

In California, aerospace reductions resulting from cutbacks in national defense spending had a major impact. From a nigh of 616,000 in December 1967, aerospace employment dropped rapidly and steadily to 433,000 in April 1971, and, after a slight rebound, to the trough level of 409,000 in January 1972. Largely because of the declines in the sector, the length of the recession in California--as measured by nonagricultural employment--was nearly twice as long and twice as severe as the downturn nationally.

Employment also fell sharply in lumber and wood products industry, furniture and fixtures, apparel and other textile products, rubber and plastics, and food and kindred products. Other employment declines occurred in mining, construction and transportation.

The national economy was adversely affected by the auto strike which extended from September 14 to November 23, 1970, and postponed the recovery in demand which had been anticipated for the fourth quarter. Approximately 345,000 persons were directly involved in strike activity. As the strike continued, however, extensive secondary layoffs developed in other manufacturing firms indirectly affected by the disputs. Because auto production is a relatively smaller proportion of manufacturing in California, the State was less severely impacted by the strike.

For the year 1970 the rate of inflation averaged 5.1 percent, a 10 year high. The declines to 3.7 and 3.4 in 1971 and 1972, respectively, illustrate the effectiveness of the monetary and fiscal policies applied nationally to reduce demand pressures and lower the rate of price increase.

1973-75

Rising inflation and interest rates were major factors behind the downturn. Tight money conditions developed as funds were withdrawn from savings institutions for investment in higher yielding securities. As loanable funds became increasingly scarce interest rates rose rapidly.

Housing in particular was severely impacted by disintermediation. Banks were unable to fill the void left by the savings and loan associations. Mortgage rates over 10 percent, shortened repayment periods, and downpayment requirements of 30 to 40 percent eliminated most of the effective demand. The resulting decline in construction was reflected in the low turnover of existing housing, reduced sales of home furnishings and materials, and stagnation in the related financial sector.

The Arab oil embargo during the fall of 1973 and the removal of wage and price controls in April 1974 led to a sharp acceleration in inflationary pressures and severe dislocations at all levels of activity. An immediate reaction to these developments took place in the auto market. During the period of uncertainty over future conditions, total demand for new cars sagged abruptly. This situation for the auto industry was exacerbated by a shift in preference from full size models to subcompacts--a shift for which the domestic industry was unprepared.

The severity of the downturn throughout the economy was evidenced by the length of the recession. From peak to trough the decline lasted nearly a year and a half. The decline in nonagricultural employment from trend level in the State was 3.1 percent. As a result of the collapse of the housing market, employment reductions were greatest in the construction sector. Other declines occurred in transportation and manufacturing, with the major manufacturing declines in lumber, furniture, rubber and plastics, metal industries, and transportation, mechanical, and electrical equipment. Aerospace employment rose from April 1972 to a peak in August 1974. This sector thus tended to lessen the severity of the downturn.

The lowering of inflation through a combination of monetary and fiscal actions and a reduction in interest rates lead to an inflow of funds into savings institutions. Pent-up demand by consumers for housing and durable goods, and increased business investment provided support for the upturn which ultimately lead to the boom conditions of 1977 and 1978.

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STATE OF CALIFORNIA

EDMUND G. BROWN JR., Governor

DEPARTMENT OF FINANCE
SACRAMENTO

TO: READERS OF THE 1980 ECONOMIC REPORT OF THE GOVERNOR

As noted in my letter of transmittal for the 1980 Economic Report of the Governor, only the review of the past year was included. The forecast was not complete at the time the report went to press. On May 29 I released the Department of Finance May Revision, which included an update of the economic outlook.

The attached summary on the latest 1980 and 1981 forecast should be attached to the inside front cover of the 1980 Report.

Mary Ann Graves

MARY ANN GRAVES
Director of Finance

3162P

May 29, 1980

UPDATE ON THE ECONOMIC OUTLOOK

Supplement to the 1980 Economic Report
of the Governor

Overview

The Budget forecast submitted in January of this year called for a national recession in the first half of 1980. A milder downturn in California was expected during the same two quarters. The current forecast calls for a much sharper recession nationally beginning in the second quarter of 1980 and continuing into the first months of 1981. The California forecast has also been revised downward, but is still expected to perform better than the rest of the United States.

The United States

The national economy has changed dramatically during the first five months of 1980. Interest rates skyrocketed between mid-February and early April, rising over 5 percentage points in two months. Since early May, however, rates have fallen substantially. From a peak of about 20 percent in the first week of April, the prime rate is currently at 14 percent--even below the level at the start of this year.

Inflation also surged during the early months of this year. From January through March the consumer price index (CPI) was climbing at more than a 16 percent annual rate. Presently the rate is down to 13 percent, and is expected to continue slowly downward.

The fall in both interest rates and inflationary pressures, particularly in the absence of any new Federal actions, points to an overall slowing in the economy. The peak in economic activity occurred in January; the second quarter of 1980 will mark the first negative quarter of the recession. The current forecast is for a downturn not as severe as the 1973-75 recession, but still a greater decline than the postwar average.

Real gross national product (GNP) is expected to decline throughout the remaining quarters of this year, before resuming moderate growth in 1981. The overall decline for this year is forecast at -1.1 percent, with a rise of 1.0 percent expected for next year. Among the components of real GNP, residential investment is expected to be hardest hit, followed by sharp declines in autos and other durables. Auto sales should total nine million units for the year. While real oil and gas consumption is expected to fall over 10 percent, much of the decline is attributable to earlier cutbacks resulting from higher prices.

Pre-tax corporate profits for the current year are forecast at $240 billion, a 1.4 percent rise. This better-than-expected profit performance is attributable in part to the higher profits reported by energy companies.

Along with autos, housing is a major bellwether industry in business cycle analysis. During 1980, the number of housing units started is forecast to fall about 40 percent. Such a decline would put total new units at one million, versus 1.7 million in 1979.

The current national forecast assumes no tax cuts for business or the consumer. Furthermore, the increase in the social security contribution rate and base scheduled for January 1, 1981, was incorporated. The sharp recession could well lead to policy decisions affecting each of these areas. In addition, a redirection of Federal spending, wage and price controls, or severe energy shortages could all change national economic conditions in 1980 and 1981 from those now forecast.

Table 1 summarizes the National Forecast for 1980 and 1981.

California

This State is affected to a large extent by economic developments at the national level. This is particularly true in the case of major monetary and fiscal policy moves. As a result, the rise in interest rates has strongly reduced credit demand and helped push California into a recession. The State economy probably peaked in March, with gradual slowing since that time.

In the current forecast, total nonagricultural employment will increase by 2.1 percent this year and 1.5 percent next. During 1980, employment is expected to fall over the second, third, and fourth quarters, before expansion resumes in 1981. The sectors to be hardest hit will be construction and nonaerospace manufacturing. Masked by the annual averages are cutbacks even now occurring in wholesale and retail trade and the transportation-utility group, and a flattening in the finance sector. Only services are likely to record continued--if slow--growth.

Aerospace is the only sector which is expected to perform well during the forecast period. Support within aerospace is evident in virtually all areas. Commercial aircraft orders are backlogged for several years even with recent deferrals due to slumping air traffic. A renewed commitment by the Congress to increase real defense spending will provide further strength to the industry.

Falling employment and slow growth in the labor force will raise unemployment significantly. From a low of slightly below 6 percent in the first quarter of 1980, the unemployment rate is expected to peak at 8.6 percent during the first quarter of 1981. The average levels during 1980 and 1981 are forecast at 7.3 and 8.4 percent, respectively.

The increase in the California CPI is expected to exceed that for the Nation this year. Between December 1979 and April 1980, for example, the California CPI was up at a phenomenal 21 percent annual rate. The higher rate reflected, to a large extent, record high home mortgage interest rates.

Real personal income in California will be negatively impacted by the general weakening in the economy and the high level of inflation. Declines are expected throughout most of 1980, with only modest gains in early 1981. More normal increases in real income are not expected until mid-1981.

Housing units authorized by permits are forecast to decline nearly 40 percent during the current year, to 130,000. As mortgage interest rates continue to fall, demand for homes is expected to expand, with residential construction becoming progressively stronger through 1981. Total units next year are expected to average 185,000.

Despite the downturn in the California economy, it should be emphasized that conditions in this State are still expected to be better than in the rest of the U.S. This should occur for a variety of reasons. First, the California economy is broadly based, rather than being dependent on one or two basic industries. Also, aerospace in California is supported by a worldwide demand for aircraft and electronics and increased defense spending nationally. Agriculture is also an underlying source of strength. While initially farmers will be squeezed by high interest rates and tight credit, the diversity of California's agricultural output and the international demand for many California farm goods will help to lessen the impact of the downturn. Another major factor behind the better-than-national conditions in this State is the distribution of employment. Those sectors most resistant to recessions--such as services and finance--make up a larger share of total employment here than elsewhere. Similarily, sectors which are traditionally hit the hardest--such as construction and manufacturing--comprise a much smaller share of employment in this State than in the rest of the Nation.

Table 2 summarizes the California forecast for 1980 and 1981.

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TABLE 1

SELECTED U.S. ECONOMIC DATA, 1979-81

National Data (Dollar amounts in billions)	1979		1980		1981	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Gross national product	2,368.8	11.3	2,579.5	8.9	2,869.2	11.2
Personal consumption expenditures	1,509.8	11.8	1,678.5	11.2	1,872.7	11.6
Durables	213.0	6.4	216.1	1.4	246.9	14.2
Nondurables	596.9	12.5	676.9	13.4	754.1	11.4
Services	699.8	12.9	785.6	12.2	871.7	11.0
Gross privated domestic investment	387.2	10.1	380.9	-1.6	427.3	12.2
Nonresidential	254.9	15.3	276.1	8.3	293.0	6.1
Structures	92.6	21.0	101.0	9.1	112.5	11.3
Producers' durable equipment	162.2	12.2	175.1	7.9	180.5	3.1
Residential	114.1	5.6	99.7	-12.6	121.3	21.7
Change in inventories	18.1	--	5.1	--	13.1	--
Net exports	-4.6	--	-16.8	--	-12.8	--
Governmental purchases of goods and services	476.4	9.4	536.8	12.7	581.9	8.4
Federal	166.6	9.2	190.7	14.4	205.2	7.6
Defense	108.2	9.3	122.9	13.5	135.7	10.5
Other	58.4	9.0	67.8	16.1	69.4	2.4
State and local	309.8	9.5	346.1	11.7	376.8	8.9
Deflator (1972 = 100)	165.4	8.7	182.2	10.2	200.7	10.2
Real GNP	1,431.6	2.3	1,415.6	-1.1	1,429.8	1.0
Corporate profits, pre-tax	236.6	14.9	240.0	1.4	266.3	10.9
Personal income	1,924.2	12.0	2,138.4	11.1	2,373.7	11.0
Wage and salary employment (thousands)	89,486	3.5	90,045	0.6	90,112	0.1
Housing starts (thousands)	1,721.7	-14.2	1007.3	-41.5	1,420.1	41.0
New car sales (millions)	10.7	-5.3	9.0	-16.0	10.3	14.8
Consumer price index (1967 = 100)						
All urban consumers	217.4	11.3	247.8	14.0	275.3	11.1

Note: Percentage changes calculated on unrounded data.

May 29, 1980

TABLE 2

SELECTED CALIFORNIA ECONOMIC DATA, 1979-81

California data (Dollar amounts in millions)	1979 Amount	1979 Percent Change	1980 Amount	1980 Percent Change	1981 Amount	1981 Percent Change
Civilian labor force (thousands)	10,969	3.0	11,225	2.3	11,661	3.9
Employment	10,286	4.0	10,404	1.1	10,683	2.7
Unemployment	684	-9.6	821	20.1	978	19.1
Rate	6.2	--	7.3	--	8.4	--
Wage and salary employment (thousands)	9,681	5.3	9,885	2.1	10,030	1.5
Mining	39	6.2	42	5.9	43	2.4
Construction	463	11.1	433	-6.4	409	-5.5
Manufacturing	2,002	6.8	2,000	-0.1	2,039	2.0
Transportation-utilities	537	6.0	555	3.4	558	0.4
Trade	2,232	5.0	2,291	2.6	2,312	0.9
Finance-insurance-real estate	597	8.0	618	3.5	621	0.5
Services	2,081	7.8	2,193	5.4	2,286	4.3
Government	1,729	-1.2	1,753	1.4	1,762	0.5
Personal income (millions of dollars)	227,351	14.2	255,463	12.4	286,708	12.2
Wages and salaries	143,485	13.6	158,479	10.4	174,968	10.4
Other labor income	14,130	21.2	15,728	11.3	17,646	12.2
Proprietors' income	18,269	15.4	19,451	6.5	21,409	10.1
Farm	3,278	23.0	3,439	4.9	3,884	12.9
Nonfarm	14,991	13.9	16,012	6.8	17,525	9.5
Property income	33,082	18.9	38,879	17.5	44,423	14.3
Transfer payments	28,025	8.6	33,688	20.2	40,642	20.6
Less: Contributions for social insurance	9,657	14.4	10,791	11.7	12,424	15.1
Residence adjustment	18	-2.7	30	66.7	43	43.3
Housing units authorized (000)	208	-14.8	130	-37.6	185	42.3
Consumer price index (1967 = 100) All urban consumers	215.9	10.8	251.4	16.4	278.2	10.7

Note: Percentage changes calculated on unrounded data.

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appendix

ECONOMIC REPORT OF THE GOVERNOR 1980

Statistical Appendix

EDMUND G. BROWN JR.
Governor of California

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ECONOMIC REPORT OF THE GOVERNOR

1980

Statistical Appendix

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TABLE 1

POPULATION OF THE UNITED STATES AND CALIFORNIA, 1960–79 *

Year (July 1)	United States [1]	California [2]	California as percent of United States	Percent change	
				United States	California
1960	179,975,000	15,863,000	8.8	1.6	3.8
1961	182,973,000	16,412,000	9.0	1.7	3.5
1962	185,736,000	16,961,000	9.1	1.5	3.3
1963	188,428,000	17,530,000	9.3	1.5	3.4
1964	191,085,000	18,086,000	9.4	1.4	2.8
1965	193,460,000	18,464,000	9.5	1.2	2.4
1966	195,501,000	18,831,000	9.6	1.1	2.0
1967	197,374,000	19,174,700	9.7	1.0	1.8
1968	199,312,000	19,432,000	9.7	1.0	1.3
1969	201,306,000	19,744,700	9.8	1.0	1.6
1970	203,810,000	20,023,000	9.8	1.2	1.4
1971	206,219,000	20,346,000	9.8	1.2	1.2
1972	208,234,000	20,477,000	9.8	1.0	1.0
1973	209,859,000	20,670,000	9.8	0.8	0.9
1974	211,389,000	20,915,000	9.9	0.7	1.2
1975	213,051,000	21,216,000	10.0	0.8	1.4
1976	214,699,000	21,550,000	10.0	0.8	1.6
1977	216,383,000	21,900,000	10.1	0.8	1.6
1978	218,098,000	22,314,000	10.2	0.8	1.9
1979	219,900,000	22,666,000	10.3	0.9	1.7

* Includes members of the Armed Forces stationed in the area.
[1] Source: 1960–69 U.S. Bureau of the Census, Current Population Reports P-25 No. 640
1970–79 U.S. Bureau of Census Current Population Reports P-25 No. 805
[2] Source: 1960–69 California Department of Finance
1970–79 U.S. Bureau of Census Current Population Reports P-25 No. 868

TABLE 2

COMPONENTS OF CHANGE IN CALIFORNIA'S CIVILIAN POPULATION, 1960–79

Year (July 1)	Civilian population	Net change	Net migration	Natural increase	Gains from military
1960	15,867,000	603,000	368,000	231,000	+4,000
1961	16,066,000	400,000	240,000	244,000	+6,000
1962	16,579,000	513,000	250,000	240,000	−20,000
1963	17,158,000	579,000	336,000	254,000	+9,000
1964	17,706,000	550,000	340,000	230,000	−28,000
1965	18,170,000	468,000	257,000	217,000	−12,000
1966	18,580,000	380,000	143,000	188,000	−48,000
1967	18,971,000	321,000	182,000	184,000	−45,000
1968	19,143,000	272,000	134,000	176,000	−38,000
1969	19,404,000	261,000	72,000	184,000	+5,000
1970	19,647,000	243,000	30,600	198,400	+30,000
1971	19,922,000	275,000	64,300	194,200	+36,500
1972	20,126,000	204,000	40,300	143,900	+19,800
1973	20,359,000	233,000	101,400	129,600	+2,000
1974	20,615,000	256,000	121,800	131,200	+3,000
1975	20,927,000	312,000	185,400	144,600	+2,000
1976	21,267,000	340,000	184,100	152,900	+3,000
1977	21,623,000	355,800	181,700	173,900	—
1978	22,044,000	421,000	242,800	178,200	—
1979	22,427,000	383,000	190,700	188,300	—

Source: California Department of Finance.

TABLE 3

TOTAL POPULATION OF CALIFORNIA COUNTIES, 1973–79

County	July 1, 1973	July 1, 1974	July 1, 1975	July 1, 1976	July 1, 1977	July 1, 1978	July 1, 1979
California *	20,670,000	20,915,000	21,216,000	21,550,000	21,900,000	22,314,000	22,694,000
Alameda	1,099,200	1,099,300	1,092,400	1,086,900	1,089,900	1,103,500	1,100,100
Alpine	700	700	800	800	900	1,000	1,200
Amador	13,900	14,800	15,100	15,500	16,500	17,500	18,800
Butte	113,400	117,200	120,600	124,100	129,200	133,800	137,700
Calaveras	14,700	15,300	15,500	15,900	17,100	18,500	20,100
Colusa	12,300	12,500	12,700	13,000	12,900	12,800	13,000
Contra Costa	574,000	579,900	587,100	597,200	612,800	623,200	635,300
Del Norte	15,300	15,500	15,800	15,900	16,400	17,400	17,700
El Dorado	52,500	55,800	59,500	62,400	68,800	73,900	83,200
Fresno	433,000	440,100	452,800	462,400	472,500	478,100	485,100
Glenn	18,600	19,000	19,300	19,800	20,300	20,500	21,300
Humboldt	103,900	104,900	105,000	104,800	106,100	106,800	107,700
Imperial	79,300	81,900	84,100	86,300	88,800	91,200	93,600
Inyo	16,000	16,900	17,300	17,700	17,900	18,100	18,600
Kern	330,400	340,000	348,400	361,300	359,900	367,800	373,300
Kings	60,800	66,100	66,400	66,800	70,800	71,500	71,900
Lake	23,400	24,300	25,400	27,500	29,200	31,700	34,200
Lassen	17,500	18,200	18,600	18,500	19,300	19,800	21,300
Los Angeles	6,961,400	6,949,300	6,953,000	7,002,300	7,002,200	7,061,400	7,125,400
Madera	44,300	45,900	46,900	48,200	51,200	53,500	56,800
Marin	214,800	213,300	217,800	221,000	224,200	224,100	224,000
Mariposa	7,300	8,000	8,400	8,800	9,300	10,000	10,800
Mendocino	55,800	57,100	57,500	59,300	61,400	63,200	68,300
Merced	112,800	116,400	119,000	120,800	123,300	125,400	127,700
Modoc	7,900	8,100	8,000	8,100	8,500	8,800	9,000
Mono	6,500	7,000	7,200	7,400	7,800	7,900	8,000
Monterey	260,300	263,800	267,800	271,600	277,000	278,400	281,200
Napa	65,800	68,300	90,700	91,200	92,500	93,400	93,900
Nevada	30,400	32,100	34,100	36,500	39,800	44,000	47,700
Orange	1,566,700	1,658,300	1,714,900	1,752,100	1,796,800	1,835,100	1,874,100
Placer	95,000	88,400	91,400	94,700	100,500	107,100	113,900
Plumas	13,300	13,700	14,000	14,200	15,000	15,700	16,800
Riverside	500,800	514,200	525,600	544,700	573,400	606,000	634,100
Sacramento	671,800	663,200	662,100	704,100	721,100	736,800	756,700
San Benito	19,100	19,300	19,800	20,300	21,100	21,800	22,100
San Bernardino	680,400	681,300	697,400	714,000	737,800	777,600	811,300
San Diego	1,473,100	1,522,000	1,569,300	1,638,100	1,686,800	1,744,300	1,800,100
San Francisco	680,100	679,200	668,000	663,000	654,800	648,900	642,400
San Joaquin	295,000	296,800	299,700	300,600	307,100	313,600	319,700
San Luis Obispo	118,100	124,400	128,800	130,900	136,400	141,700	147,200
San Mateo	567,500	573,200	579,100	581,400	586,800	587,900	588,300
Santa Barbara	273,800	277,700	281,300	287,100	288,900	292,300	295,100
Santa Clara	1,138,400	1,160,400	1,181,300	1,202,400	1,217,800	1,234,100	1,253,100
Santa Cruz	145,400	150,800	156,300	164,500	169,900	173,400	178,100
Shasta	86,300	89,800	92,500	94,800	100,700	107,300	113,200
Sierra	2,700	2,800	2,900	3,100	3,000	3,300	3,300
Siskiyou	34,800	35,200	35,400	35,900	37,200	38,300	39,700
Solano	180,000	182,500	188,200	193,300	200,100	207,000	218,500
Sonoma	233,900	242,100	247,400	253,100	259,600	274,400	290,000
Stanislaus	212,300	218,100	224,700	230,100	240,200	246,400	251,200
Sutter	44,000	45,400	46,400	47,300	48,100	48,900	50,400
Tehama	30,900	31,800	32,100	33,000	34,100	35,600	37,100
Trinity	8,900	9,300	9,800	10,300	10,800	11,700	12,500
Tulare	200,900	204,800	208,800	213,400	219,600	225,400	231,700
Tuolumne	24,800	25,200	26,600	27,300	29,400	31,800	34,300
Ventura	416,400	428,500	441,100	452,500	467,900	484,700	499,500
Yolo	98,300	98,700	101,800	105,400	106,900	106,000	100,300
Yuba	44,800	43,900	45,200	46,400	47,300	48,400	48,800

* Totals may not equal sum due to independent rounding.
Resource: Department of Finance, Population Research Unit.

TABLE 4

CIVILIAN LABOR FORCE, CALIFORNIA 1960–79

(In thousands)

Year and month	Labor force [a]	Employed [b]	Unemployed [c]	Percent unemployed	
				Unadjusted	Adjusted for seasonal variations
1960	6,359	5,933	307	5.8	
1961	6,481	6,036	446	6.9	
1962	6,651	6,292	359	5.5	
1963	6,898	6,477	411	6.0	
1964	7,081	6,659	422	6.0	
1965	7,284	6,955	329	5.9	
1966	7,593	7,218	375	4.9	
New series [d]					
1967	7,879	7,341	437	5.7	
1968	7,798	7,369	453	5.4	
1969	7,919	7,508	411	5.2	
1970	8,157	7,566	591	7.3	
1971	8,358	7,642	728	8.8	
1972	8,582	7,930	651	7.6	
1973	8,814	8,197	617	7.0	
1974	9,195	8,518	670	7.3	
1975	9,368	8,450	918	9.9	
1976	9,709	8,810	899	9.2	
1977	10,142	9,307	834	8.2	
1978	10,646	9,890	756	7.1	
1979	10,968	10,285	684	6.2	
1978: January	10,322	9,601	721	7.0	7.0
February	10,431	9,634	797	7.6	7.6
March	10,504	9,787	817	8.0	7.7
April	10,606	9,914	784	7.2	7.3
May	10,679	9,874	805	7.0	7.5
June	10,641	9,868	773	7.2	7.1
July	10,656	9,825	830	8.1	7.8
August	10,683	9,934	749	7.0	7.0
September	10,757	10,040	717	6.4	6.7
October	10,730	10,044	685	5.9	6.3
November	10,757	10,066	691	6.0	6.4
December	10,790	10,093	697	6.3	6.5
1979: January	10,841	10,149	692	7.2	6.4
February	10,850	10,149	701	7.0	6.5
March	10,904	10,116	695	6.7	6.4
April	10,813	10,136	677	6.2	6.3
May	10,832	10,170	662	5.6	6.1
June	10,918	10,880	692	5.9	6.0
July	10,988	10,339	649	6.2	5.9
August	11,008	10,307	701	6.3	6.3
September	11,081	10,375	706	6.1	6.4
October	11,113	10,425	688	5.8	6.3
November	11,135	10,458	677	5.7	6.1
December	11,178	10,481	697	6.0	6.2

[a] Detail may not add to total because of rounding.
[b] Includes wage and salary workers, employers, own-account workers, and unpaid family workers. Excludes workers directly involved in work stoppages who receive no pay for the payroll period which includes 12th of the month.
[c] Excludes the potential or latent supply of workers not active in the labor market and workers directly involved in work stoppages.
[d] Revised data from U.S. Bureau of Labor Statistics; not comparable with data for prior years.

Source: California Employment Development Department.

TABLE 5

WAGE AND SALARY WORKERS [a] IN NONAGRICULTURAL ESTABLISHMENTS BY MAJOR INDUSTRY DIVISION, CALIFORNIA, 1960–79

(In thousands)

Year and month	Total	Mineral extraction	Construction	Manufacturing	Transportation and utilities	Trade	Finance, insurance, and real estate	Services	Government
1960	4,866.0	30.6	294.8	1,317.2	356.9	1,007.8	343.2	711.7	874.0
1961	4,996.1	30.3	304.4	1,318.0	351.2	1,050.6	353.0	748.3	980.3
1962	5,217.7	30.2	307.7	1,382.5	367.0	1,121.4	365.4	790.7	992.8
1963	5,415.3	29.6	329.0	1,394.3	380.3	1,168.0	381.0	847.5	1,001.6
1964	5,606.5	31.0	340.4	1,389.4	371.0	1,204.5	396.7	910.0	1,043.5
1965	5,800.3	31.7	353.7	1,411.2	387.1	1,249.7	306.7	964.8	1,105.4
1966	6,143.8	31.3	395	1,531.3	410.3	1,309.3	310.6	1,039.1	1,196.7
1967	6,267.6	31.9	373.2	1,504.0	429.7	1,356.7	319.3	1,085.5	1,274.3
1968	6,648.1	32.5	390.7	1,639.7	440.7	1,418.1	337.8	1,146.8	1,326.8
1969	6,821.3	32.6	310.6	1,681.3	460.7	1,490.0	358.4	1,263.2	1,391.7
1970	6,947.7	31.4	303.0	1,588.0	459.1	1,530.8	374.5	1,396.2	1,434.7
1971	6,914.9	30.2	296.6	1,470.5	452.5	1,553.1	384.6	1,471.9	1,455.5
1972	7,309.9	29.2	330.7	1,536.0	474.1	1,638.6	406.3	1,559.4	1,492.6
1973	7,821.9	30.5	344.8	1,693.3	497.0	1,733.2	431.6	1,698.5	1,584.8
1974	7,834.3	31.0	334.0	1,694.0	470.7	1,758.0	444.9	1,788.1	1,588.9
1975	7,847.2	33.9	303.3	1,586.9	458.1	1,786.3	448.4	1,861.7	1,570.6
1976	8,153.6	34.7	317.6	1,650.9	483.9	1,875.6	468.7	1,947.3	1,665.0
1977	8,586.0	35.6	366.1	1,736.3	476.5	1,982.4	508.4	1,794.7	1,739.0
1978	9,197.1	37.1	417.3	1,875.2	508.4	2,135.0	553.2	1,931.3	1,750.4
1979	9,637.8	39.3	460.6	2,000.6	531.6	2,219.9	591.3	2,085.5	1,789.8
1978: January	8,839.4	35.7	351.6	1,798.2	487.3	2,044.5	531.0	1,837.8	1,798.1
February	8,882.7	35.7	358.9	1,778.2	490.4	2,032.5	532.0	1,862.6	1,808.4
March	9,080.1	36.0	392.4	1,804.9	490.8	2,049.7	537.6	1,883.5	1,885.2
April	9,088.6	36.2	397.3	1,813.0	494.9	2,074.0	540.4	1,900.4	1,832.4
May	9,190.3	36.8	414.9	1,839.2	502.4	2,102.9	546.5	1,915.8	1,840.8
June	9,308.0	37.5	430.7	1,871.3	510.6	2,131.8	550.7	1,936.8	1,838.6
July	9,137.4	37.8	434.5	1,867.9	508.5	2,132.8	547.8	1,931.8	1,856.5
August	9,208.7	37.9	445.6	1,946.2	514.2	2,145.6	552.5	1,928.5	1,594.2
September	9,342.4	37.8	450.4	1,952.8	520.5	2,168.1	560.1	1,941.4	1,896.5
October	9,360.3	38.0	448.1	1,936.5	516.8	2,167.7	567.4	1,976.8	1,712.6
November	9,441.5	38.0	447.9	1,942.3	518.3	2,198.6	571.6	1,986.7	1,733.1
December	9,300.3	38.2	440.3	1,941.0	521.5	2,062.3	575.8	1,996.8	1,727.4
1979 January	9,380.4	37.6	417.6	1,928.8	517.8	2,183.9	575.2	1,989.6	1,795.7
February	9,418.2	37.8	422.7	1,940.7	516.3	2,169.9	575.2	2,011.5	1,742.1
March	9,501.9	38.0	439.1	1,971.2	522.3	2,176.1	580.3	2,043.4	1,780.9
April	9,541.7	38.7	448.7	1,979.8	509.9	2,178.8	588.5	2,043.6	1,798.7
May	9,683.9	38.0	458.2	1,994.9	522.2	2,200.0	591.4	2,054.7	1,773.5
June	9,707.0	38.8	468.4	2,004.4	530.0	2,214.8	592.5	2,066.6	1,781.5
July	9,608.5	40.0	474.1	2,018.0	542.4	2,217.3	594.8	2,072.3	1,849.6
August	9,637.0	40.2	482.5	2,040.2	539.9	2,204.2	597.5	2,088.5	1,816.9
September	9,750.9	40.1	486.6	2,057.3	543.2	2,240.9	598.7	2,094.2	1,888.9
October	9,778.1	39.9	469.0	2,034.8	539.6	2,240.6	598.8	2,098.3	1,733.1
November	9,816.5	39.9	477.8	2,028.3	541.9	2,288.3	601.8	2,105.9	1,787.6
December	9,586.9	40.0	473.8	2,021.0	544.8	2,286.7	604.4	2,114.7	1,791.5

[a] Does not include employers, own-account workers, unpaid family workers, domestic servants, and agricultural workers.

Source: California Employment Development Department.

TABLE 6

WAGE AND SALARY WORKERS* IN NONAGRICULTURAL ESTABLISHMENTS, BY MAJOR INDUSTRY DIVISION, SELECTED AREAS, 1978–79

(In thousands)

Area and year	Total	Mineral extraction	Construction	Manufacturing	Transportation and utilities	Trade	Finance, insurance and real estate	Services	Government
Los Angeles–Long Beach									
1978	3,430.6	11.4	109.6	677.9	167.8	787.8	213.0	736.0	697.1
1979	3,565.7	11.9	119.0	930.6	190.3	817.4	223.0	807.7	686.8
San Francisco–Oakland									
1978	1,474.1	2.0	69.1	190.2	122.9	340.1	132.4	314.9	293.5
1979	1,516.0	2.3	73.5	204.8	134.9	351.7	140.2	338.8	297.8
Anaheim–Santa Ana –Garden Grove									
1978	747.7	2.2	46.6	196.0	23.0	101.5	46.0	147.7	101.9
1979	808.1	2.3	50.3	214.2	25.9	104.8	52.3	162.2	101.1
San Jose									
1978	569.8	0.1	22.9	197.4	19.6	112.0	23.5	120.6	80.3
1979	634.0	0.2	25.7	223.9	20.9	119.7	25.7	140.0	77.9
San Diego									
1978	590.3	0.7	37.0	90.9	26.0	130.0	33.2	130.9	140.9
1979	632.9	0.7	40.7	101.4	27.7	140.3	36.9	142.4	139.8
Riverside–San Bernardino–Ontario									
1978	408.2	2.5	25.0	64.1	21.0	98.1	17.0	92.3	90.4
1979	439.8	2.8	29.3	67.4	22.6	103.4	18.6	97.6	97.3
Sacramento									
1978	374.3	0.4	21.1	36.4	20.0	86.5	18.7	65.3	125.9
1979	391.1	0.4	23.6	37.3	21.4	93.1	20.5	70.3	134.3
Fresno									
1978	172.9	0.8	11.1	28.8	9.9	45.6	9.7	33.0	40.0
1979	180.5	0.9	12.7	23.6	10.3	47.4	10.0	34.9	39.9
Bakersfield									
1978	180.6	10.1	6.6	9.1	7.1	30.9	4.4	29.8	31.6
1979	188.4	12.6	4.8	9.3	7.6	32.7	4.6	28.2	31.6
Stockton									
1978	113.2	0.1	5.7	20.1	7.7	26.4	4.8	21.1	27.3
1979	117.7	0.1	6.3	21.5	8.5	26.8	4.9	22.9	26.7
Oxnard–Simi Valley									
1978	139.7	2.4	7.3	21.4	5.8	33.0	6.1	29.0	30.7
1979	148.3	2.4	8.4	23.4	6.0	34.4	6.6	29.4	35.5
Santa Barbara–Santa Maria –Lompoc									
1978	113.9	1.1	4.9	14.9	4.2	29.1	5.1	29.5	25.0
1979	119.1	1.2	5.2	16.4	4.7	30.4	5.4	31.0	24.0
Vallejo–Fairfield–Napa									
1978	93.7	0.3	4.6	9.9	4.1	19.3	3.2	16.9	35.4
1979	98.6	0.3	5.0	10.5	4.5	20.4	3.5	18.0	34.8
Salinas–Seaside–Monterey									
1978	94.4	0.5	3.6	9.6	4.7	21.8	4.0	17.9	32.3
1979	97.1	0.6	3.7	9.7	4.7	22.6	4.3	19.1	32.4
Modesto									
1978	93.2	0.1	3.8	18.9	3.7	19.9	2.9	15.1	16.8
1979	97.7	0.1	4.6	20.2	3.8	21.3	3.4	16.0	16.1
Santa Rosa									
1978	83.9	0.4	5.1	18.6	4.0	20.2	3.0	16.1	19.6
1979	86.7	0.4	6.0	14.2	4.3	21.3	3.4	17.2	19.5

* Does not include employers, own-account workers, unpaid family workers, domestic servants, and agricultural workers.

Area definitions:

Anaheim-Santa Ana-Garden Grove—Orange County.

Bakersfield—Kern County.
Fresno—Fresno County.
Los Angeles-Long Beach—Los Angeles County.
Modesto-Turlock—Stanislaus County.
Oxnard-Ventura—Ventura County.
Sacramento—Placer, Sacramento, and Yolo Counties.
Salinas-Monterey—Monterey County.
Riverside-San Bernardino-Ontario—Riverside and San Bernardino Counties.
San Diego—San Diego County.
San Francisco-Oakland—Alameda, Contra Costa, Marin, San Francisco, and San Mateo Counties.
San Jose—Santa Clara County.
Santa Barbara—Santa Barbara County.
Santa Rosa—Sonoma County.
Stockton—San Joaquin County.
Vallejo-Napa—Napa and Solano Counties.

Source: California Employment Development Department.

TABLE 7

WAGE AND SALARY WORKERS IN MANUFACTURING, CALIFORNIA, 1974–79

(In thousands)

Industry	1974	1975	1976	1977	1978	1979
Total	1,694.0	1,586.9	1,650.9	1,728.3	1,873.2	2,000.6
Nondurable goods	562.0	544.4	569.0	591.9	623.8	642.7
Durable goods	1,132.0	1,042.5	1,081.9	1,136.4	1,251.4	1,357.9
Nondurable goods						
Food and kindred products	175.7	172.8	175.0	178.8	182.3	185.1
Canned, cured, frozen sea foods	8.7	7.6	8.9	9.5	10.1	9.7
Meat products	21.2	21.0	20.6	20.0	20.2	20.9
Dairy products	14.5	13.5	12.7	13.1	12.7	13.3
Canned and preserved fruits and vegetables	55.1	55.1	55.1	55.6	56.0	57.1
Grain mill products	7.9	7.6	7.7	8.2	8.2	8.3
Bakery products	18.4	17.9	18.3	18.5	18.8	18.9
Beverages	19.7	20.3	20.9	21.6	23.6	23.4
Other food and kindred products	30.2	29.8	30.8	32.3	32.7	33.5
Textile mill products	15.1	13.9	14.7	14.8	15.8	16.0
Knitting mills	3.8	3.6	3.3	3.1	3.0	2.9
Floor covering mills	5.5	4.8	5.3	5.6	6.1	6.2
Other textile mill products	5.8	5.5	6.1	6.1	6.7	6.9
Apparel and other textile products	91.5	91.6	99.8	101.3	109.6	111.9
Men's and boys' furnishings	13.7	13.6	14.4	13.8	14.1	14.7
Women's and misses' outerwear	51.2	52.7	58.2	60.4	67.4	67.9
Women's and children's undergarments	4.2	4.0	4.3	4.0	3.9	3.8
Children's outerwear	1.7	1.8	1.8	1.6	1.4	1.5
Other apparel and textile products	20.7	19.5	21.1	21.5	22.8	24.0
Paper and allied products	36.9	34.9	36.8	37.4	37.7	38.7
Miscellaneous converted paper products	13.2	12.7	13.2	13.5	13.9	14.5
Paperboard containers and boxes	15.1	14.2	15.5	16.0	16.5	17.3
Other paper and allied products	8.6	8.0	8.1	7.9	7.3	6.9
Printing and publishing	97.6	94.6	98.0	103.3	112.3	117.9
Newspapers	35.0	33.9	35.1	36.8	39.6	41.4
Commercial printing	35.8	35.6	37.8	40.2	43.9	47.0
Other printing and publishing	26.8	25.1	25.1	26.3	28.8	29.5
Chemicals and allied products	57.0	55.3	57.8	61.0	62.9	65.2
Industrial inorganic chemicals	5.6	5.7	6.2	7.1	7.1	7.1
Plastics materials and synthetics	3.3	3.0	3.3	3.8	3.7	4.1
Drugs	12.3	11.9	12.5	13.6	14.8	16.5
Soaps, cleaners, toilet goods	12.4	11.7	12.2	13.3	13.5	13.3
Paints and allied products	7.5	7.1	7.6	7.8	7.9	8.3
Agricultural chemicals	6.1	6.3	6.3	5.4	5.1	5.3
Other chemicals and allied products	9.8	9.6	9.7	10.0	10.8	10.6
Petroleum and coal products	25.6	25.4	25.3	25.5	27.0	27.4
Petroleum refining	22.7	22.6	22.4	22.6	23.8	24.1
Other petroleum and coal products	2.9	2.8	2.9	2.9	3.2	3.3
Rubber and plastics products	53.9	47.0	51.4	59.0	63.8	67.9
Tires and inner tubes	8.2	6.4	4.9	6.7	5.3	4.7
Footwear and fabricated products	9.6	8.9	9.6	10.2	10.4	10.7
Miscellaneous plastics products	35.2	30.8	36.1	41.1	47.2	51.4
Other rubber and plastics products	0.9	0.9	0.8	1.0	0.9	1.1
Leather and leather products	8.7	8.9	10.2	10.8	12.4	12.6
Durable goods						
Lumber and wood products excluding furniture	60.2	53.4	60.1	66.4	69.5	68.5
Logging camps, sawmills, planing mills	24.6	22.9	25.6	26.2	26.5	26.7
Millwork, plywood, structural members	13.3	11.6	13.5	15.5	17.2	17.8
Wooden containers	5.5	4.3	4.7	4.8	4.4	4.7
Other lumber and wood products	16.8	14.6	16.3	19.9	21.4	19.3
Furniture and fixtures	44.7	39.7	44.3	49.3	55.0	56.9
Household furniture	30.5	27.1	30.5	32.9	35.9	37.3
Partitions and fixtures	5.4	4.7	4.9	5.7	6.2	6.7
Other furniture and fixtures	8.8	7.9	8.9	10.7	12.9	12.9
Stone, clay, and glass products	54.6	50.0	51.6	53.7	51.7	59.5
Glass and glass products	14.7	14.5	15.5	15.9	17.5	17.6
Hydraulic cement	3.4	3.1	3.1	3.2	3.3	3.4
Structural clay products	4.2	3.5	3.8	3.8	3.9	3.9
Pottery and related products	6.7	6.3	6.6	6.6	6.5	6.4
Concrete, gypsum, plaster products	14.8	12.8	12.7	14.1	15.7	17.4
Other stone, clay, and glass products	10.8	9.8	9.7	10.1	10.2	10.8

TABLE 7—Continued

WAGE AND SALARY WORKERS IN MANUFACTURING, CALIFORNIA, 1974–79

(In thousands)

Industry	1974	1975	1976	1977	1978	1979
Primary metal industries	59.8	54.1	52.8	54.3	57.2	59.6
Blast furnace and basic steel products	23.9	22.1	20.9	20.5	20.3	20.7
Iron and steel foundries	8.6	8.0	7.5	7.9	8.7	9.0
Nonferrous rolling and drawing	14.8	13.1	12.7	13.6	14.7	15.3
Nonferrous foundries	8.7	7.4	8.2	8.6	9.4	10.3
Other primary metals	3.8	3.5	3.5	3.7	4.1	4.3
Fabricated metal products	134.9	124.4	129.4	135.4	147.5	157.5
Can and shipping containers	12.1	11.6	11.3	11.0	10.9	11.0
Cutlery, hand tools, hardware	16.7	14.4	15.9	16.8	17.6	18.9
Plumbing and heating excluding electric	6.5	5.4	6.1	7.1	7.5	8.2
Fabricated structural products	43.3	42.0	43.2	44.7	49.1	51.3
Screw machine products, bolts, etc.	10.6	9.2	8.8	9.3	11.3	13.2
Forgings and stampings	12.5	11.4	12.1	13.0	14.6	14.6
Metal services	15.2	13.7	15.2	16.0	18.3	20.5
Other fabricated metal products	18.0	16.7	16.9	17.5	18.2	19.8
Machinery excluding electrical	180.4	168.4	169.8	177.6	202.8	226.2
Farm and garden	3.8	3.6	4.1	4.4	5.0	5.6
Construction and related	17.5	16.7	17.7	18.0	19.6	21.4
Metalworking	18.3	16.2	16.4	16.7	18.7	20.3
Special industry	11.0	10.4	10.4	10.3	11.1	11.6
General industry	18.1	17.6	17.7	17.8	19.2	20.5
Office, computing, accounting	69.7	63.3	62.3	67.0	80.1	93.0
Refrigeration and service industry	5.4	4.9	5.4	6.3	7.1	7.4
Other machinery excluding electrical	36.6	35.7	35.8	37.1	42.0	46.4
Electrical equipment and supplies	242.1	224.0	237.7	251.8	284.6	314.7
Electrical distribution equipment	9.7	8.9	8.5	8.6	8.7	8.6
Industrial apparatus	10.9	10.8	11.4	12.1	13.7	14.2
Household appliances	6.0	4.3	5.2	5.5	5.6	5.7
Lighting and wiring equipment	18.1	15.5	16.2	17.7	20.5	23.3
Radio and TV receiving equipment	15.8	14.9	16.1	16.6	17.8	18.1
Communication equipment	97.6	98.7	99.5	102.1	113.2	123.4
Electronic components and accessories	78.5	65.7	84.8	82.3	97.3	113.3
Miscellaneous electrical equipment and supplies	5.6	5.3	6.1	6.9	7.8	8.1
Transportation and equipment	255.0	233.8	232.4	237.9	254.2	280.1
Motor vehicles and equipment	39.3	30.8	39.5	44.5	49.6	50.2
Aircraft and parts	134.9	121.3	108.5	109.4	117.5	141.3
Ship and boat building and repairing	19.7	19.9	21.2	21.2	22.3	22.5
Guided missiles, space vehicles and parts	49.7	50.0	47.6	45.4	46.7	51.5
Other transportation equipment	11.4	11.8	15.6	17.4	18.1	14.6
Instruments and related products	65.7	61.9	67.4	71.6	80.4	91.2
Measuring and controlling	32.6	30.2	32.5	33.5	37.4	41.8
Other instruments and related products	33.1	31.7	34.9	38.1	43.0	49.4
Miscellaneous manufacturing	34.5	32.8	36.3	38.4	43.1	43.7
Toys and sporting goods	13.9	13.3	14.8	15.1	16.1	16.3
Other miscellaneous manufacturing	20.6	19.5	21.5	23.3	27.0	27.4

Source: California Employment Development Department.

TABLE 8

WAGE AND SALARY WORKERS IN NONAGRICULTURAL, MANUFACTURING, AND FOUR AEROSPACE INDUSTRIES, CALIFORNIA, 1960–76

(In thousands)

Year	Total nonagricultural	Total manufacturing	Aerospace					Aerospace as a percent of	
			Total	Ordnance	Aircraft	Electrical equipment	Instruments	Total nonagricultural	Total manufacturing
1960	4,895.0	1,317.2	460.8	68.9	194.0	174.1	23.8	9.4	35.0
1961	4,996.1	1,318.0	469.4	79.8	177.6	187.3	24.7	9.4	35.6
1962	5,217.7	1,382.5	509.4	96.8	172.2	213.6	26.8	9.8	36.8
1963	5,412.3	1,394.3	510.1	102.0	171.2	209.1	27.8	9.4	36.6
1964	5,606.5	1,389.4	481.6	98.9	164.3	191.8	26.6	8.6	34.7
1965	5,800.3	1,411.2	482.2	92.8	166.1	194.9	28.4	8.3	34.2
1966	6,145.2	1,531.3	548.5	98.1	193.9	224.6	31.9	8.9	35.8
1967	6,367.6	1,594.0	596.9	103.2	212.3	248.2	33.2	9.4	37.4
1968	6,642.1	1,639.7	597.8	102.8	209.0	251.4	34.6	9.0	36.5
1969	6,931.5	1,601.3	571.3	86.7	190.7	256.9	37.0	8.2	34.4
1970	6,947.7	1,568.1	496.6	66.9	158.6	235.4	35.7	7.1	31.7
1971	6,914.9	1,470.5	440.3	54.0	140.0	211.8	34.5	6.4	29.9
1972	7,194.0	1,535.2	420.7	n.a.	135.4	206.9	32.2	5.8	27.4
1973	7,[illegible]9.0	1,652.8	435.4	n.a.	135.6	233.8	60.2	6.0	27.6
1974	[illegible].7	1,693.8	478.2	n.a.	134.9	247.2	65.0	6.1	28.2
1975	[illegible]29.3	1,586.8	443.1	n.a.	120.9	230.4	60.9	5.7	27.9
1976	8,190.3	1,646.7	440.4	n.a.	107.9	245.1	65.8	5.4	26.7

n.a. Not available.
Source: California Employment Development Department.

TABLE 9

AEROSPACE EMPLOYMENT IN CALIFORNIA: 1972 SIC

	Total aerospace	Office computing and accounting machines	Radio and TV receiving equipment	Communication equipment	Electronic components and accessories	Aircraft and parts	Guided missiles and space vehicles	Measuring and controlling instruments
1972	420.7	52.1	15.0	90.5	52.0	135.4	50.6	25.1
1973	456.0	61.4	15.5	95.3	68.9	135.6	48.7	30.6
1974	478.8	69.7	15.8	97.6	78.5	134.9	49.7	32.6
1975	444.1	63.3	14.9	98.7	65.7	121.3	50.0	30.2
1976	441.3	62.3	16.1	99.5	74.8	108.5	47.6	32.5
1977	456.3	67.0	16.6	102.1	82.3	109.4	45.4	33.5
1978	510.0	80.1	17.8	113.2	97.3	117.5	46.7	37.4
1979	582.4	93.0	18.1	123.4	113.3	141.3	51.5	41.8
1979								
January	554.3	88.4	18.3	121.0	106.8	131.3	49.0	39.5
February	561.1	89.9	18.1	120.7	108.6	134.4	49.3	40.1
March	568.8	91.3	18.6	121.6	109.9	137.9	49.0	40.5
April	570.2	90.1	18.0	121.0	111.5	139.1	50.0	40.5
May	574.3	90.9	17.8	121.6	112.8	139.7	50.3	41.2
June	579.5	91.7	18.1	122.8	114.0	140.3	50.9	41.7
July	585.6	93.6	17.8	124.4	114.3	141.3	51.6	42.6
August	590.4	94.3	17.9	124.8	115.0	142.6	52.4	43.4
September	594.0	94.7	18.5	125.2	115.1	144.6	52.9	43.0
October	597.5	95.6	18.4	124.7	116.0	146.6	53.5	42.7
November	603.6	96.8	17.9	125.9	117.4	148.5	54.0	43.1
December	609.5	98.5	17.9	127.2	118.5	149.4	54.6	43.4

Source: California Employment Development Department.

TABLE 10

AVERAGE WEEKLY AND HOURLY EARNINGS AND AVERAGE HOURS WORKED PER WEEK, PRODUCTION AND RELATED WORKERS IN MANUFACTURING, CALIFORNIA AND UNITED STATES, 1960–79 [a]

Year	California			United States		
	Average weekly earnings	Average hourly earnings	Average hours per week	Average weekly earnings	Average hourly earnings	Average hours per week
1960	104.28	2.62	39.8	89.72	2.26	39.7
1961	106.53	2.72	39.9	92.34	2.32	39.8
1962	112.44	2.79	40.3	96.56	2.39	40.4
1963	115.78	2.88	40.2	99.63	2.46	40.5
1964	119.29	2.96	40.3	102.97	2.53	40.7
1965	123.83	3.05	40.6	107.53	2.61	41.2
1966	128.93	3.16	40.8	112.34	2.72	41.3
1967	132.92	3.29	40.4	114.90	2.83	40.6
1968	138.63	3.44	40.3	122.51	3.01	40.7
1969	145.89	3.62	40.3	129.51	3.19	40.6
1970	150.48	3.80	39.6	133.73	3.36	39.8
1971	158.79	4.02	39.5	142.44	3.57	39.9
1972	170.43	4.25	40.1	154.69	3.81	40.6
1973	178.93	4.44	40.3	166.06	4.09	40.7
1974	188.97	4.76	39.7	176.40	4.41	40.0
1975	205.67	5.22	39.4	189.51	4.81	39.4
1976	221.92	5.59	39.7	207.60	5.19	40.0
1977	240.60	6.00	40.1	226.89	5.63	40.3
1978	257.84	6.43	40.1	249.27	6.17	40.4
1979	280.50	7.03	39.9	268.94	6.69	40.2

[a] Averages are based upon data for full-time and part-time production and related workers in production and other departments, such as shipping, maintenance, and warehousing. Overtime pay and premium wages for late-shift work are included.

Source: California Employment Development Department; U.S. Department of Labor, Bureau of Labor Statistics.

TABLE 11

AVERAGE WEEKLY AND HOURLY EARNINGS AND AVERAGE HOURS WORKED PER WEEK, IN SELECTED NONMANUFACTURING INDUSTRIES, CALIFORNIA, 1979 [a]

Industry	Average weekly earnings	Average hourly earnings	Average hours per week
Mineral extraction			
Oil and gas extraction	$405.14	$9.93	40.8
Nonmetallic minerals, except fuels	448.42	10.38	43.2
Contract construction			
General building contractors	411.89	12.15	33.9
Heavy construction contractors, except building	507.68	13.29	38.2
Special trade contractors			
Plumbing, heating, air conditioning	465.55	13.31	35.0
Painting, paper hanging, decorating	390.87	12.90	30.3
Electrical work	560.54	14.79	37.9
Masonry, stonework, and plastering	400.05	12.62	31.7
Transportation and utilities			
Electric, gas, and sanitary services	387.28	9.40	41.2
Trade			
Wholesale	289.48	7.48	38.7
Retail	208.86	6.31	33.1
Services			
Motion picture production	455.42	11.86	38.4

[a] Averages are based upon data for full-time and part-time production and related workers in mineral extraction, construction workers in construction, and nonsupervisory employees and working supervisors in other industries.

Overtime hours and pay and premium wages for late-shift work are included.
Source: California Employment Development Department.

TABLE 12

AVERAGE GROSS AND NET SPENDABLE WEEKLY EARNINGS OF PRODUCTION AND RELATED WORKERS IN MANUFACTURING, CALIFORNIA AND LOS ANGELES-LONG BEACH, SAN FRANCISCO-OAKLAND, AND SAN DIEGO METROPOLITAN AREAS, 1960–79

(1972 SIC)

Area and year	Gross average weekly earnings	Net spendable earnings[a] (current dollars)		"Real" net spendable earnings[b] (1967 dollars)	
		Worker with 3 dependents	Worker with no dependents	Worker with 3 dependents	Worker with no dependents
California					
1960	$104.28	$91.15	$82.43	$103.34	$93.46
1961	108.53	94.60	85.60	105.94	95.86
1962	112.44	97.56	88.31	107.80	97.58
1963	115.78	99.71	90.24	108.50	98.19
1964	119.29	104.52	95.15	111.79	101.76
1965	123.83	109.16	99.79	114.42	104.60
1966	128.93	111.30	101.64	114.39	104.46
1967	132.92	114.44	103.45	114.44	103.45
1968	138.63	117.98	106.02	113.33	101.84
1969	145.80	122.54	110.03	112.11	100.67
1970	150.48	127.40	114.73	110.88	99.85
1971	158.79	135.52	122.65	113.79	102.98
1972	170.43	145.69	132.01	118.35	107.24
1973	178.93	150.77	135.84	115.80	104.33
1974	188.97	158.69	144.11	110.59	100.43
1975	205.67	174.11	154.85	109.92	97.76
1976	221.92	186.95	168.46	111.08	100.10
1977	240.00	203.89	181.24	113.15	100.58
1978	257.84	215.72	191.09	111.02	98.35
1979	280.50	237.38	208.23	108.80	96.31
Los Angeles-Long Beach					
1970	145.30	123.46	111.22	108.01	97.31
1971	153.64	131.37	118.87	110.86	100.31
1972	164.02	140.82	127.60	115.14	104.33
1973	171.32	145.04	130.66	112.96	101.13
1974	180.35	152.14	138.11	106.76	96.92
1975	194.13	165.78	147.08	105.19	93.32
1976	206.96	176.15	158.51	104.85	94.23
1977	224.72	192.53	171.37	107.20	95.42
1978	241.38	203.96	181.23	105.95	94.15
1979	264.11	225.60	198.44	104.88	92.25
San Francisco-Oakland					
1970	165.53	139.35	125.41	120.34	108.30
1971	178.48	151.50	137.18	126.14	114.22
1972	194.04	164.80	149.55	132.58	120.31
1973	207.50	172.20	155.06	130.95	117.92
1974	223.44	184.91	167.37	128.05	115.91
1975	244.29	202.33	180.26	127.17	113.30
1976	269.30	221.57	199.02	131.89	118.46
1977	291.67	240.39	211.18	132.96	116.80
1978	310.44	252.38	220.91	127.85	111.91
1979	333.32	274.19	237.99	127.71	110.85
San Diego					
1970	164.80	138.92	125.03	120.49	108.44
1971	167.05	142.23	128.73	118.72	107.47
1972	171.70	146.66	132.91	117.89	106.84
1973	178.05	150.09	135.83	113.28	102.06
1974	189.91	159.41	144.76	108.29	98.34
1975	202.22	171.02	152.57	108.73	94.88
1976	215.81	182.54	164.31	109.04	98.26
1977	230.29	196.54	174.93	107.99	96.12
1978	242.35	204.65	181.82	–	–
1979	258.11	222.00	195.35	96.35	84.79

[a] After Federal and State income taxes and Federal social security and State disability insurance deductions.

[b] Net spendable earnings adjusted for changes in the Consumer Price Index. The Consumer Price Index is compiled by the U.S. Bureau of Labor Statistics and was done monthly for the Los Angeles-Long Beach Metropolitan Area and quarterly for the San Francisco-Oakland and San Diego Metropolitan Areas through December 1977. As of January 1978 the Revised Wage Earner and Clerical Worker CPI is used. This series is monthly for the Los Angeles-Long Beach Metropolitan Area and bimonthly for San Francisco-Oakland and San Diego Metropolitan Areas. The Index for California is prepared by the California Department of Industrial Relations as a weighted average of the Indexes for Los Angeles-Long Beach, San Francisco-Oakland and San Diego.

Source: California Employment Development Department.

TABLE 13

PERSONAL INCOME IN CALIFORNIA, TOTAL AND PER CAPITA, 1960–79

Year	Total			Per capita [a]		
	Amount (In millions)	Percent change	Percent of U.S.	Amount	Percent change	Percent of U.S. average
1960	$43,020	–	10.86	2,712	–	123.22
1961	45,379	5.5	11.03	2,765	2.0	123.00
1962	48,802	7.5	11.17	2,879	4.1	122.35
1963	52,111	6.8	11.35	2,973	3.3	122.04
1964	56,171	7.8	11.43	3,116	4.8	121.15
1965	59,855	6.6	11.25	3,242	4.0	117.89
1966	64,913	8.5	11.21	3,447	6.3	116.33
1967	69,540	7.1	11.22	3,627	1.1	115.44
1968	76,114	9.5	11.23	3,917	8.0	115.17
1969	82,928	8.8	11.28	4,195	7.1	114.40
1970	88,553	6.9	11.16	4,423	5.4	113.61
1971	94,206	6.4	11.06	4,648	5.1	112.49
1972	102,539	8.8	10.96	5,015	7.9	111.62
1973	112,641	9.9	10.78	5,449	8.7	109.40
1974	125,579	11.5	10.95	6,004	10.2	110.61
1975	139,472	11.1	11.17	6,574	9.5	112.17
1976	155,626	11.6	11.32	7,222	9.9	112.81
1977	175,155	12.5	11.50	7,996	10.7	113.58
1978	199,010	13.6	11.68	8,919	11.5	113.82
1979 [b]	227,351	14.2	11.82	10,018	12.3	114.60

[a] Per capita figures derived using population estimates of the California Department of Finance.
[b] Estimated.
Source: U.S. Department of Commerce, Bureau of Economic Analysis, and California Department of Finance.

TABLE 14

PERSONAL INCOME BY MAJOR SOURCES, CALIFORNIA, 1960–79

(In millions)

Year	Total Personal Income[a]	Wages and salaries	Other labor income	Proprietorship		Property income	Transfer payments	Less: Contributions for social insurance	Residence adjustment
				Farm	Other				
1960	$43,080	$29,048	$1,101	$804	$4,178	$5,912	$3,072	$1,095	−$99
1961	45,379	30,619	1,196	783	4,542	6,140	3,589	1,171	−90
1962	48,898	33,053	1,348	867	4,538	6,603	3,736	1,276	−63
1963	52,111	35,434	1,514	810	4,684	7,118	4,065	1,478	−36
1964	56,171	37,991	1,734	930	5,098	7,651	4,480	1,591	−57
1965	59,885	40,395	1,918	880	5,311	8,210	4,872	1,711	−11
1966	64,913	44,552	2,136	943	5,514	8,672	5,343	2,227	−11
1967	69,540	47,700	2,278	870	5,744	9,118	6,363	2,525	−9
1968	76,114	52,864	2,681	1,034	6,175	9,642	7,170	2,765	−7
1969	82,858	57,158	2,984	981	6,337	10,507	8,064	3,137	−16
1970	88,583	60,867	3,331	887	6,158	11,534	9,748	3,395	−9
1971	94,506	63,149	3,681	1,026	6,300	12,375	11,311	3,871	−5
1972	102,536	68,987	4,196	1,574	6,986	13,018	12,858	4,114	−3
1973	115,641	75,786	4,849	2,070	7,843	14,288	13,864	5,064	1
1974	135,579	82,150	5,591	2,274	7,094	16,580	18,107	5,336	19
1975	139,473	88,413	6,725	2,080	7,705	19,012	20,170	5,746	112
1976	155,686	98,148	8,088	2,128	9,359	21,035	22,385	6,584	158
1977	175,158	111,392	9,812	2,183	11,455	23,598	24,018	7,315	56
1978	199,010	126,336	11,605	2,666	13,163	27,812	25,797	8,438	18
1979[b]	227,281	143,485	14,130	3,278	14,901	33,082	29,085	9,657	19

[a] Detail may not add to total because of rounding.
[b] Estimated.
Source: U.S. Department of Commerce, Bureau of Economic Analysis and California Department of Finance.

TABLE 15

DISPOSABLE INCOME[a], CALIFORNIA, 1960–79

Year	Totals in millions			Disposable income per capita[b]		
	Personal income	Less: income taxes	Disposable income	Amount	In 1972 dollars[c] Amount	Index
1960	$43,080	$5,717	$37,303	$2,352	$3,280	71.7
1961	45,379	6,054	39,325	2,366	3,305	72.5
1962	48,802	6,637	42,165	2,497	3,479	73.6
1963	52,111	7,025	45,086	2,573	3,643	74.7
1964	56,171	6,729	49,442	2,743	3,854	75.7
1965	59,855	7,165	52,690	2,854	3,708	77.1
1966	64,913	8,806	56,708	3,011	3,797	79.3
1967	69,540	9,179	60,361	3,149	3,873	81.3
1968	76,114	10,976[d]	65,138	3,392	3,992	84.6
1969	82,885	12,714[d]	70,114	3,551	4,017	88.4
1970	86,553	12,566[d]	73,987	3,795	4,103	92.5
1971	94,306	12,486	81,780	4,035	4,177	98.6
1972	102,530	15,514	87,025	4,256	4,256	100.0
1973	112,641	16,141	96,500	4,660	4,426	105.5
1974	125,579	18,947	107,332	5,132	4,398	117.0
1975	139,472	18,578	120,894	5,668	4,508	125.4
1976	155,886	21,900	133,636	6,201	4,699	132.8
1977	175,158	25,923	149,232	6,814	4,953	140.4
1978	199,010	29,892[e]	169,769	7,666	5,075	149.9
1979	227,261	33,875[e]	193,476	8,525	5,250	153.3

[a] Personal income less Federal and State income taxes. This is slightly different from the concept of disposable income in the national income accounts, where the tax deduction includes amounts paid under such other personal tax levies as those on inheritance, estates, gifts, personal property and driver permits.

[b] Per capita figures derived using population estimates of the California Department of Finance.

[c] Per capita income in 1972 dollars has been obtained by using the implicit price deflator for personal consumption expenditures from Department of Commerce.

[d] Increased tax liability due to surcharge imposed for period April 1, 1968 through June 30, 1970.

[e] Estimated.

Source: Personal income 1960–78 and tax payments 1960–77, U.S. Department of Commerce, Department of Finance.

TABLE 16

INDUSTRIAL SOURCES OF EARNINGS [a], CALIFORNIA AND UNITED STATES, 1976–78

(In percent)

Industry	California			United States		
	1976	1977	1978	1976	1977	1978
Total [b]	100.0	100.0	100.0	100.0	100.0	100.0
Farming	3.1	2.8	2.7	2.3	2.2	2.5
Mining	0.7	0.6	0.6	1.5	1.5	1.6
Contract Construction	5.3	5.7	5.9	5.6	5.9	6.1
Manufacturing	21.1	21.1	21.3	23.9	23.2	23.2
Wholesale Trade	6.5	6.4	6.5	6.6	6.5	6.5
Retail Trade	10.7	10.6	10.6	10.3	10.1	10.0
Finance, insurance, real estate	5.6	6.1	6.5	5.5	5.7	5.8
Transportation, communication and public utilities	7.1	7.1	7.2	7.5	7.6	7.6
Services	19.0	19.6	20.1	16.5	16.7	16.8
Government	20.1	19.2	17.8	17.8	17.1	16.4
Other	0.7	0.7	0.8	0.4	0.4	0.4

[a] Consists of wage and salary disbursements, other labor income and proprietors' income.
[b] Detail may not add to total due to rounding.
Source: Computed by California Department of Finance from data reported by the U.S. Department of Commerce, Bureau of Economic Analysis.

TABLE 17

NUMBER OF PERSONAL INCOME TAX RETURNS, ADJUSTED GROSS INCOME, TAXABLE INCOME, AND TAX ASSESSED, 1960–77

(Income in thousands)

Income Year [a]	Number of returns	Adjusted gross income	Taxable income	Tax assessed
1960	4,230,000	$31,234,015	$13,337,516	$895,480,526
1961	4,454,831	33,561,594	14,684,977	990,676,930
1962	4,568,698	35,878,360	15,833,692	304,366,656
1963	4,851,770	38,835,003	17,398,196	336,006,936
1964	4,981,588	42,133,366	19,411,712	391,744,695
1965	5,197,589	45,234,006	21,088,900	432,866,449
1966	5,445,732	48,606,548	23,442,015	478,765,278
1967	5,449,426	52,927,614	45,250,693	947,644,989
1968	5,534,030	56,636,453	44,663,419	1,061,700,536
1969	5,586,849	60,974,377	47,983,889	1,088,914,300
1970	5,534,362	63,189,980	49,434,451	1,212,386,611
1971	5,860,817	67,784,893	52,618,643	1,132,906,000
1972	6,972,495	78,371,548	60,904,375	1,891,312,440
1973	7,490,592	85,533,832	66,863,699	1,536,631,997
1974	7,989,997	93,737,008	73,916,530	2,360,765,830
1975	8,134,300	101,597,646	80,475,280	2,758,812,900
1976	8,680,949	115,608,336	91,731,547	3,359,596,980
1977	8,969,707	138,780,576	108,796,045	4,084,800,738

[a] Changes in the Personal Income Tax Law effective with returns for the 1967 income year make prior year information not comparable.
Source: California Franchise Tax Board.

TABLE 18

PERSONAL INCOME TAX STATISTICS, BY COUNTY, 1977 INCOME YEAR

County	All returns—taxable and nontaxable			Joint returns		
	Number of returns	Adjusted gross income (thousands)	Median income	Number of returns	Median income	Tax assessed (thousands)
Totals	8,448,887	$195,191,808	$11,177	4,558,887	$18,274	$3,968,438
Alameda	421,585	6,415,195	12,494	194,714	20,053	300,972
Alpine	148	1,871	10,571	83	15,833	41
Amador	6,264	68,345	11,964	4,101	15,778	2,900
Butte	44,658	533,116	8,895	24,904	14,053	14,147
Calaveras	5,950	73,894	10,544	3,852	14,736	1,880
Colusa	4,509	64,379	10,253	2,740	14,207	2,408
Contra Costa	230,756	4,304,775	13,427	129,451	22,156	141,431
Del Norte	5,735	75,102	10,117	3,417	15,627	2,047
El Dorado	24,641	318,905	9,936	14,001	15,940	7,945
Fresno	160,119	2,237,131	10,469	90,961	16,089	68,963
Glenn	6,938	93,948	9,854	4,541	13,796	2,908
Humboldt	36,590	521,111	10,901	20,701	16,958	13,870
Imperial	27,475	339,179	9,389	16,928	12,417	9,408
Inyo	6,382	80,981	10,731	3,888	15,598	2,105
Kern	118,658	1,713,630	11,344	71,032	16,078	52,759
Kings	17,860	236,043	10,882	11,489	14,398	6,750
Lake	9,833	98,844	8,804	6,198	11,864	2,469
Lassen	6,417	82,089	10,958	4,082	15,469	2,053
Los Angeles	3,715,877	49,276,973	10,747	1,243,084	16,888	1,319,410
Madera	15,837	209,681	10,408	10,215	14,197	5,870
Marin	88,270	1,747,203	14,088	49,753	24,856	72,879
Mariposa	3,158	35,442	8,488	1,797	12,912	982
Mendocino	21,819	281,643	10,476	13,511	15,548	7,817
Merced	38,018	457,307	9,141	22,542	13,596	13,554
Modoc	2,380	28,589	9,817	1,545	13,346	998
Mono	2,548	37,134	7,588	1,139	14,149	988
Monterey	88,123	1,256,976	10,812	46,798	16,808	39,576
Napa	32,648	503,194	15,531	18,383	19,169	15,489
Nevada	14,336	187,614	10,589	8,580	14,782	5,189
Orange	703,983	11,491,490	12,987	395,915	20,763	388,040
Placer	36,478	588,912	11,947	23,163	17,988	15,071
Plumas	3,442	70,059	11,084	2,274	15,494	1,784
Riverside	197,788	2,784,388	10,563	116,051	15,730	79,178
Sacramento	270,310	3,907,316	11,747	146,788	18,728	114,984
San Benito	7,864	97,787	9,580	4,485	14,989	2,839
San Bernardino	292,974	3,589,700	11,874	148,412	17,170	90,881
San Diego	596,006	8,363,308	10,515	314,409	17,048	243,844
San Francisco	306,430	4,271,410	10,160	98,834	17,748	108,021
San Joaquin	118,157	1,560,697	11,156	63,115	17,195	47,830
San Luis Obispo	49,481	684,561	9,913	26,484	15,989	17,958
San Mateo	338,575	4,914,998	14,080	115,480	22,736	134,838
Santa Barbara	105,047	1,583,518	10,807	52,897	18,106	50,971
Santa Clara	401,880	6,033,108	13,636	244,088	20,061	280,696
Santa Cruz	68,133	907,571	9,888	28,836	17,104	26,588
Shasta	36,172	478,531	11,080	21,979	15,811	13,308
Sierra	940	11,521	10,016	574	14,100	393
Siskiyou	13,019	168,614	11,388	8,258	15,245	4,579
Solano	68,689	1,088,785	13,018	40,997	18,883	38,309
Sonoma	100,184	1,428,109	11,406	54,712	17,040	41,908
Stanislaus	88,756	1,147,980	10,303	49,387	15,883	33,578
Sutter	16,444	230,600	10,407	9,974	15,456	7,176
Tehama	10,841	133,118	10,530	6,888	14,429	3,431
Trinity	3,197	39,542	10,258	2,094	13,888	970
Tulare	88,387	888,976	9,756	46,558	13,013	28,806
Tuolumne	11,179	148,119	10,514	6,888	15,397	3,794
Ventura	167,333	2,614,888	13,880	98,883	19,113	73,887
Yolo	30,341	345,697	10,006	19,833	17,073	17,888
Yuba	13,180	148,854	8,888	8,108	13,274	3,516
Unallocated [a]	21,362	167,807	8,134	7,466	8,827	3,842
Resident out-of-state [b]	65,405	842,905	7,978	28,991	13,468	28,938
Nonresident	139,796	1,137,337	8,196	84,013	7,256	31,819

[a] Unable to determine county of residence from tax returns.
[b] Resident returns filed with out-of-state address.
Source: California Franchise Tax Board.

TABLE 19

CONSUMER PRICE INDEX, UNITED STATES, CALIFORNIA, LOS ANGELES, SAN FRANCISCO, AND SAN DIEGO, 1960–79

(1967 = 100)

Year and month	United States	California[b]	Los Angeles-Long Beach[c]	San Francisco-Oakland[d]	San Diego[e]
Urban Wage Earners and Clerical Workers (Old Series)					
1960	88.7	89.2	88.5	87.9	——
1961	89.6	89.3	89.6	88.9	——
1962	90.6	90.5	90.6	90.3	——
1963	91.7	91.9	91.8	91.5	——
1964	92.9	93.5	93.7	92.9	——
1965	94.5	95.4	95.7	94.7	95.2
1966	97.2	97.3	97.5	97.1	97.1
1967	100.0	100.0	100.0	100.0	100.0
1968	104.2	104.1	103.9	104.5	104.1
1969	109.8	109.3	108.8	110.5	109.5
1970	116.3	114.9	114.3	115.8	115.3
1971	121.3	119.1	118.5	120.1	119.8
1972	125.3	123.1	122.3	124.3	124.4
1973	133.1	130.2	129.2	131.5	132.5
1974	147.7	143.5	142.5	144.4	147.2
1975	161.2	158.5	157.6	159.1	162.8
1976	170.5	168.2	168.0	168.0	170.7
1977	181.5	180.2	179.6	180.8	180.9
All Urban Consumers					
1978	195.4	194.8	192.8	197.8	193.1
1979	217.4	215.9	213.7	214.6	213.1
Revised Urban Wage Earners and Clerical Workers					
1978	195.3	194.3	192.5	197.4	196.5
1979	217.7	216.8	213.1	214.7	220.4

[a] A new Consumer Price Index for All Urban Consumers and a revised CPI for Urban Wage Earners and Clerical Workers were introduced January 1978. These series tie to the historical unrevised Urban Wage Earners and Clerical Workers CPI.

[b] Computed by the Department of Industrial Relations, Division of Labor Statistics and Research, as a weighted average of the indexes for the Los Angeles-Long Beach, San Francisco-Oakland, and San Diego metropolitan areas.

[c] Los Angeles and Orange Counties.

[d] Alameda, Contra Costa, Marin, San Francisco, San Mateo and Solano Counties.

[e] San Diego County.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

TABLE 20

CALIFORNIA CASH FARM RECEIPTS, PRODUCTION EXPENSE, AND INCOME, 1960–79

(In millions)

Year	Cash receipts [a]	Production expenses	Net money income	Non-money income [b]	Realized net income [c]
1960	3,871.1	3,473.5	798.6	134.2	989.9
1961	3,317.0	2,577.0	740.0	143.6	883.6
1962	3,494.8	2,758.2	736.6	143.0	993.5
1963	3,592.6	2,680.7	761.9	145.8	907.8
1964	3,747.4	2,841.8	905.6	148.9	1,054.4
1965	3,883.1	3,043.1	790.0	154.2	914.1
1966	4,187.6	3,511.8	975.8	158.5	1,131.3
1967	4,080.9	3,886.9	790.0	150.1	940.1
1968	4,452.3	3,474.4	977.9	151.0	1,128.9
1969	4,686.3	3,680.9	980.4	154.1	1,149.4
1970	4,714.3	3,849.2	893.1	144.7	1,000.8
1971	5,008.4	4,046.7	980.7	154.9	1,110.5
1972	5,700.2	4,308.1	1,302.1	156.1	1,458.3
1973	7,412.7	5,894.3	1,188.4	164.4	1,882.9
1974	8,727.1	6,318.7	2,408.4	207.2	2,615.7
1975	8,032.7	6,503.0	2,109.7	243.6	2,353.3
1976	9,053.0	6,951.9	2,271.1	250.5	2,521.6
1977	9,568.5	7,300.9	2,367.6	236.5	2,504.1
1978	10,591.0	7,784.8	2,806.4	252.0	3,058.4
1979	12,300.0	n.a.	n.a.	n.a.	n.a.

[a] Receipts from marketings plus government payments and other farm income.
[b] Value of home consumption and gross rental value of farm dwellings.
[c] Net money income plus non-money income.
n.a. Not available.
Source: California Department of Food and Agriculture.

TABLE 21

CALIFORNIA CASH FARM RECEIPTS, ALL CROPS, LIVESTOCK AND POULTRY, MISCELLANEOUS, AND GOVERNMENT PAYMENTS, 1960–79

(In millions)

Year	Total [a]	All crops [b]	Livestock and poultry	Miscellaneous	Government payments
1960	3,044	1,864	1,046	112	22
1961	2,701	1,366	1,278	119	39
1962	3,407	1,949	1,344	122	38
1963	3,502	2,031	1,390	139	38
1964	3,710	2,094	1,500	108	36
1965	3,783	2,125	1,487	170	41
1966	4,140	2,395	1,568	182	104
1967	4,049	2,108	1,564	188	110
1968	4,401	2,403	1,681	196	101
1969	4,608	2,494	1,798	217	193
1970	4,692	2,481	1,815	224	132
1971	5,140	2,732	2,040	248	113
1972	5,836	3,153	2,086	291	106
1973	7,334	4,598	2,587	348	106
1974	8,832	5,407	2,799	421	10
1975	8,513	5,284	2,545	470	16
1976	9,091	5,606	2,982	549	13
1977	9,618	5,801	2,992	568	75
1978	10,488	6,886	3,414	664	57
1979	12,100	7,930	4,170	n.a.	n.a.

[a] Receipts from marketings plus government payments.
[b] Miscellaneous, primarily ornamentals, not included.
n.a. Not available.
Source: California Department of Food and Agriculture.

TABLE 22

CALIFORNIA CASH FARM RECEIPTS FROM CROPS, 1960–79

(In millions)

Year	All crops [a]	Fruit and nut	Vegetables	Field crops
1960	1,884	586	448	830
1961	1,866	587	475	804
1962	1,949	601	522	826
1963	2,031	647	505	879
1964	2,204	724	563	917
1965	2,125	631	594	900
1966	2,295	712	690	893
1967	2,186	666	713	807
1968	2,483	786	855	842
1969	2,494	848	782	864
1970	2,481	825	767	889
1971	2,732	938	912	882
1972	3,133	1,016	1,047	1,070
1973	4,256	1,564	1,185	1,549
1974	5,407	1,507	1,481	2,419
1975	5,224	1,511	1,640	2,074
1976	5,606	1,606	1,552	2,448
1977	5,801	1,912	1,856	2,033
1978	6,290	2,280	1,965	2,045
1979	7,230	2,800	2,180	2,250

[a] Miscellaneous, primarily ornamentals, not included.
Source: California Department of Food and Agriculture.

TABLE 23

AGRICULTURAL EMPLOYMENT IN CALIFORNIA, 1960–79

Year	Total Employment [a]		Hired Domestic Workers		
			Year-Round [c]	Temporary [b]	
	Lowest	Highest		Lower	Highest
1960	271,800	404,400	93,500	49,200	141,300
1961	264,700	416,000	92,000	56,800	165,600
1962	261,100	434,800	93,700	60,400	158,000
1963	255,800	404,100	93,500	60,800	158,900
1964	253,200	411,800	90,900	63,800	161,200
1965	251,100	361,900	90,300	73,300	167,000
1966	254,700	362,200	90,800	77,900	173,000
1967	248,100	373,600	92,200	77,250	190,900
1968	250,400	357,900	93,800	79,700	176,900
1969	245,100	369,500	94,900	77,300	187,800
1970	240,400	368,500	97,100	72,700	182,000
1971	243,000	363,600	96,800	75,100	184,400
1972	230,900	338,800	95,900	66,100	155,100
1973	221,000	359,100	96,500	62,200	183,000
1974	233,800	365,900	97,900	70,500	188,300
1975	219,300	382,300	99,800	60,000	204,800
1976	227,300	375,600	100,500	71,100	191,600
1977	235,100	380,500	102,100	71,300	195,600
1978	228,400	353,000	102,400	74,600	167,100
1979	232,300	347,000	103,100	74,400	169,400

[a] Includes farmers and family workers, hired domestic workers, and foreign contract workers. Based upon the lowest and highest month of the year. March is usually the month of lowest employment. September is the month of highest employment.
[b] Midmonth totals.
[c] Annual average.
Source: California Employment Development Department.

TABLE 24

CORPORATE PROFITS FROM CALIFORNIA OPERATIONS, 1960–1977

Year [b]	Number of corporations [a]				Net profits (in millions)		
	Total	With net income	With net loss	No income or loss	Total	Net income	Net loss
1960	101,081	56,987	28,843	15,351	3,517	4,182	−665
1961	105,645	59,746	31,802	14,097	3,718	4,509	−792
1962	110,294	63,400	31,954	14,940	3,970	4,754	−784
1963	114,657	66,496	33,667	14,504	4,283	5,092	−809
1964	118,860	69,555	34,254	15,051	4,686	5,586	−900
1965	122,399	71,484	35,685	15,290	5,126	6,007	−881
1966	124,660	73,076	35,664	15,950	5,643	6,638	−995
1967	125,677	73,433	38,186	14,056	5,252	6,456	−1,203
1968	128,505	77,238	36,754	14,513	6,003	7,255	−1,251
1969	136,695	80,348	38,627	17,720	5,643	7,477	−1,834
1970	143,352	81,340	44,318	19,694	4,386	6,711	−2,326
1971	151,216	83,664	47,621	19,931	4,804	7,249	−2,445
1972	158,932	91,055	47,214	20,663	6,465	8,561	−2,096
1973	165,676	97,377	46,937	21,362	7,911	10,206	−2,296
1974	172,185	102,660	49,982	19,543	8,978	11,734	−2,757
1975	177,665	106,213	53,965	17,487	8,362	11,672	−3,309
1976	184,326	113,614	54,249	16,463	11,916	14,808	−2,892
1977	200,393	124,175	57,949	18,269	14,941	17,830	−2,889

[a] Includes a slight amount of duplication as a result of mergers, consolidations, changes in corporate names and changes of income year which necessitated filing more than one state franchise tax return during the year. In 1961 this duplication amounted to approximately 205 corporations, or 0.5 percent of the total.

[b] Includes corporations with fiscal years ending in the calendar year shown.

Source: California Franchise Tax Board.

TABLE 25

BANK AND CORPORATION FRANCHISE TAX RETURNS REPORTING NET INCOME SUBJECT TO STATE TAXATION, BY INDUSTRY, 1976 AND 1977

(Income in thousands)

Industry	Corporations reporting net income subject to state taxation			
	1976		1977	
	Number	Net income	Number	Net income
Total	113,614	$14,807,760	124,175	$17,830,411
Agriculture, forestry, and fishery	2,922	248,466	2,966	283,159
Mining	511	1,370,440	500	1,128,402
Crude petroleum and natural gas production	359	1,348,982	345	1,100,095
Other mining and quarrying	152	21,458	155	28,307
Construction	8,948	508,509	10,159	695,504
Manufacturing	15,456	5,306,825	16,733	6,332,566
Beverages, food, and kindred products	1,002	768,729	1,045	775,028
Textile mill products	135	43,130	149	48,288
Apparel and products made from fabric	956	170,523	998	188,009
Wood products, except furniture	592	193,087	699	315,277
Furniture and fixtures	545	54,736	613	64,755
Paper and allied products	226	159,851	240	144,308
Printing, publishing, and allied industries	1,637	296,574	1,735	379,501
Chemicals and allied products	1,328	577,461	1,402	590,705
Petroleum and coal products	76	86,663	79	168,956
Rubber products	182	45,667	223	55,584
Stone, clay, and glass products	461	104,097	487	147,012
Primary metals	296	142,395	296	131,436
Electrical machinery and equipment	1,427	929,416	1,604	1,203,299
Transportation equipment	740	707,119	777	893,689
Other equipment	1,723	315,500	1,781	331,315
Precision equipment	449	193,387	495	272,982
Other fabricated metal products	2,543	406,963	2,839	496,966
Other manufacturings	1,106	109,507	1,284	125,532
Services	30,477	952,727	34,500	1,211,390
Motion picture production	1,349	100,635	1,564	154,937
Amusement services	1,875	97,093	1,770	77,396
Personal services	1,349	44,160	1,429	46,620
Business services	9,436	364,512	10,582	491,366
Professional services	9,292	81,752	10,965	110,449
Other services	7,376	264,575	8,190	330,692
Trade	34,143	3,216,771	36,253	3,657,485
Retail trade	19,397	1,581,379	20,577	1,780,924
Wholesale trade	14,746	1,635,392	15,676	1,876,561
Finance, insurance, and real estate	18,226	2,103,116	19,904	3,190,268
Banks	190	567,561	219	900,961
Savings and loan associations	144	529,874	150	878,818
Other financials	586	185,033	567	222,895
Real estate companies	12,909	546,656	14,367	848,788
Investment and insurance companies	4,397	273,990	4,601	339,506
Utilities	2,989	1,100,907	3,160	1,331,616
Transportation	1,923	231,137	2,162	350,050
Communications	73	557,171	77	590,198
Radio and television industries	188	128,196	206	153,015
Electric and gas utilities	12	126,215	13	176,131
Other public utilities	733	58,165	702	53,224

Source: California Franchise Tax Board.

TABLE 26

CALIFORNIA BUILDING PERMIT ACTIVITY: NONRESIDENTIAL VALUATION BY SELECTED TYPES OF CONSTRUCTION, 1963–79

(In thousands)

Year	Commercial	Industrial	Other	Additions and alterations	Total [a]
1963	734,878	196,931	708,507	280,022	1,982,338
1964	749,998	184,848	805,451	261,022	2,001,319
1965	845,484	207,852	656,462	286,493	1,996,291
1966	830,001	255,346	706,453	307,765	2,099,565
1967	728,510	283,612	601,314	268,145	1,881,390
1968	869,435	367,084	651,449	271,259	2,159,167
1969	1,016,996	395,696	666,768	452,099	2,531,489
1970	1,089,054	288,073	674,969	491,667	2,543,765
1971	1,401,365	326,050	978,579	263,473	2,969,467
1972	1,437,510	464,701	865,305	281,118	3,048,634
1973	1,349,104	717,549	826,826	337,155	3,230,634
1974	1,360,016	736,531	902,675	359,503	3,358,725
1975	1,296,131	491,033	952,261	366,795	3,106,220
1968	1225	1,492,051	1,053,097	983,136	883,881
1969	1255	1,585,602	1,191,712	1,034,749	1,084,888
1970	1249	1,181,164	1,360,734	1,181,164	1,109,716
1971	1225	1,746,683	1,626,494	1,436,952	1,267,886
1972	1232	1,871,287	1,928,350	1,715,276	1,471,791
1973	1239	2,045,500	2,272,302	1,987,138	1,758,048
1974	1230	2,282,543	2,737,187	2,367,266	2,106,113
1975	1206	2,445,113	3,403,739	2,994,869	2,496,064
1976	1189	2,663,441	4,188,397	3,668,616	3,150,213
1977	1164	2,995,904	5,374,256	4,613,961	4,119,205
1978	1143	3,421,378	6,374,125	5,408,309	5,110,916

[a] Regulated by the National Credit Union Administration.
[b] As of December 31st.
Source: California Department of Corporations.

TABLE 27

PRIVATE RESIDENTIAL HOUSING UNITS AUTHORIZED BY PERMITS, CALIFORNIA, 1963–79

Year	Single	Multiple	Total	Additions and alterations	Total Residential Valuation (Thousands)
1963	131,546	190,472	322,018	146,327	$4,066,052
1964	113,425	155,430	268,855	154,232	3,739,766
1965	95,690	82,426	178,116	151,115	2,909,507
1966	65,406	33,969	99,375	152,353	1,994,916
1967	68,418	43,581	111,999	150,606	2,107,346
1968	86,957	73,022	159,979	144,985	2,835,713
1969	80,135	104,211	184,346	141,269	3,148,412
1970	71,344	124,348	195,692	137,217	3,172,378
1971	113,503	143,729	256,989	148,697	4,525,116
1972	19 ,064	155,606	279,670	148,365	5,383,503
1973	..82,571	113,508	216,079	157,021	4,878,985
1974	76,204	53,025	129,229	173,070	3,680,393
1975	89,823	41,909	131,732	185,232	4,324,867
1976	140,293	81,647	221,940	200,312	8,023,389
1977	174,874	95,766	270,640	215,430	10,490,790
1978	141,537	102,302	243,839	216,342	10,604,294
1979	127,471	82,555	210,026	203,542	10,788,669

Note: Detail may not add to totals due to rounding.
Source: Security Pacific National Bank

TABLE 28

TAXABLE TRANSACTIONS IN CALIFORNIA AND OUTSTANDING SALES TAX PERMITS, BY TYPE OF OUTLET, 1960–79

Calendar Year	TAXABLE TRANSACTIONS		SALES TAX PERMITS OUTSTANDING [a]			
	All Outlets	Retail Stores	Total	Retail [b] Stores	Personal Service Shops	Other [c]
	(In millions)					
1960	$23,361	$15,645	346,706	150,512	58,997	137,197
1961	23,987	16,077	351,540	148,899	59,516	143,125
1962	25,989	17,522	355,403	151,769	57,591	146,043
1963	27,892	18,893	362,614	154,517	57,105	150,992
1964	30,265	20,350	372,387	157,344	56,740	158,304
1965	31,906	21,516	381,203	161,109	56,008	164,092
1966	34,236	22,684	389,867	163,087	55,326	171,454
1967	35,122	23,512	398,705	163,821	54,684	174,380
1968	39,007	26,168	401,980	165,395	54,993	181,702
1969	42,378	28,254	411,375	167,867	55,066	188,432
1970	43,223	28,699	426,766	171,094	56,173	199,499
1971	46,815	31,496	440,935	173,343	57,359	210,233
1972	53,714	36,518	459,616	177,361	58,815	223,540
1973	61,736	42,119	474,733	180,330	59,943	234,460
1974	66,071	45,797	492,937	182,570	60,918	249,449
1975	73,476	49,809	520,499	187,399	62,951	270,149
1976	83,822	57,343	552,162	193,925	65,868	292,369
1977	99,482	67,491	583,704	200,432	69,271	313,981
1978	113,466	76,366	611,397	206,951	73,003	332,443
1979	131,292	86,940	642,132	212,804	75,185	354,163

[a] Permits as of July 1.
[b] Exclusive of itinerant and mail-order vendors.
[c] Consists of manufacturing, wholesaling, contracting, and miscellaneous outlets and itinerant and mail-order vendors.
Source: California State Board of Equalization.

TABLE 29

TAXABLE TRANSACTIONS IN CALIFORNIA BY TYPE OF BUSINESS 1975–79 [a]

(Amounts in millions)

	1975	1976	1977	1978	1979 [a]
Total, all outlets	$73,475	$83,822	$99,481	$113,573	$131,100
Retail stores	49,800	57,343	67,490	76,765	81,490
Apparel stores	2,691	2,990	3,398	3,925	4,315
General merchandise and drug stores [b]	9,147	10,117	11,388	12,615	13,575
Specialty stores	4,380	4,975	5,934	6,580	8,035
Grocery stores [c]	4,681	6,242	5,767	6,575	7,495
Liquor stores	1,398	1,495	1,623	1,780	1,915
Eating and drinking places	6,009	6,863	7,842	9,200	10,350
Home furnishings and appliance stores	2,222	2,661	3,232	3,725	4,250
Farm and garden	1,128	1,294	1,445	1,830	2,075
Building materials	2,723	3,475	4,530	5,305	6,210
New car dealers	6,515	7,925	9,999	11,610	12,110
Automotive group	8,786	10,304	12,394	13,520	17,170
Other					
Business and personal services	2,690	3,067	3,564	4,135	4,725
All other outlets	20,936	23,391	28,427	32,975	36,895

[a] Estimated
[b] Excludes exempt sales of prescription medicines which are estimated at $1,260 million in 1978 and $1,370 million in 1979.
[c] Excludes exempt sales of food for home consumption which are estimated at $17.5 billion in 1978 and $18.7 billion in 1979.
Source: Department of Finance

TABLE 30

DEMAND AND TIME DEPOSITS, ALL INSURED COMMERCIAL BANKS, CALIFORNIA, 1960–79

(Amounts in millions)

Year	Demand Deposits	Time Deposits
1960	12,954	11,385
1961	14,232	12,851
1962	14,436	14,563
1963	14,939	16,042
1964	15,683	17,983
1965	15,232	20,109
1966	15,671	21,614
1967	17,492	23,762
1968	19,003	26,418
1969	19,989	23,513
1970	20,713	28,636
1971	22,463	33,669
1972	26,607	37,461
1973	28,080	42,789
1974	27,916	51,268
1975	30,692	54,635
1976	32,126	56,776
1977	37,518	63,497
1978	38,636	71,857
1979	40,716	75,660

[a] As of December called reports, not seasonally adjusted.
Source: California State Banking Department from data reported by the Federal Bank of San Francisco.

TABLE 31

GROSS LOANS BY MAJOR CATEGORIES, ALL INSURED COMMERCIAL BANKS, CALIFORNIA, 1960–79

(Amounts in millions)

Year [a]	Real estate loans	Commercial and industrial loans	Agricultural loans	Loans to individuals	Other	Total
1960	5,181	4,782	509	2,648	1,253	14,383
1961	5,358	5,122	592	2,709	1,313	15,154
1962	6,153	5,868	636	3,151	1,497	17,305
1963	7,027	6,009	716	3,634	2,376	19,762
1964	7,512	7,061	959	4,206	2,564	22,056
1965	7,974	8,284	748	4,686	2,661	24,353
1966	8,268	9,318	776	4,924	2,665	25,951
1967	8,485	10,112	803	5,126	2,697	27,223
1968	9,230	11,631	823	5,793	3,447	30,984
1969	9,545	12,276	866	6,043	3,706	32,439
1970	9,502	12,965	555	5,903	3,147	32,463
1971	10,871	13,682	990	6,659	4,195	36,395
1972	12,784	15,145	1,255	7,808	6,034	43,027
1973	15,607	18,831	1,559	8,846	7,056	51,899
1974	17,063	21,334	1,584	9,363	7,589	56,934
1975	16,724	20,136	1,614	10,024	7,122	55,640
1976	18,433	19,475	1,860	11,616	8,136	59,520
1977	25,651	21,661	1,990	14,633	8,473	70,408
1978	30,806	24,573	2,254	18,306	9,981	85,852
1979 [b]	36,900	27,500	2,400	21,300	10,400	98,500

Note: Individual figures may not add to totals due to rounding.
[a] As of December call reports (domestic) except as noted.
[b] Estimated
Source: California State Banking Department from data reported by the Federal Reserve Bank of San Francisco.

TABLE 32

MORTGAGE LOANS AND SAVINGS CAPITAL,[a] CALIFORNIA SAVINGS AND LOAN ASSOCIATIONS,[b] 1960–79

(Amounts in Millions)

Year	Yearend Mortgage Loans Outstanding	Loans Closed During the Year	Yearend Savings Capital	Net New Savings During the Year[c]
1960	$9,141	$2,955	$8,885	N.A.
1961	11,241	4,147	10,778	N.A.
1962	13,941	5,500	13,339	N.A.
1963	17,677	7,091	16,536	N.A.
1964	20,589	7,137	19,300	N.A.
1965	22,176	5,885	20,993	N.A.
1966	22,477	3,953	21,215	(610)
1967	23,558	3,641	23,489	1,330
1968	25,154	3,914	24,983	(152)
1969	26,780	3,845	23,889	(1,395)
1970	28,250	3,317	25,040	115
1971	31,907	6,576	30,054	3,778
1972	37,189	8,809	35,690	4,114
1973	41,113	7,738	37,636	476
1974	43,758	6,413	39,399	(340)
1975	49,100	10,686	47,147	5,305
1976	58,553	17,903	57,108	7,218
1977	70,734	24,588	66,918	6,480
1978	80,765	24,301	74,886	4,180
1979[p]	92,580	24,576	84,166	4,886

[a] Data for certain years have been revised from previous reports.
[b] Insured (FSLIC) California Savings and Loan Associations that are members of the Federal Home Loan Bank of San Francisco. For the periods covered by this table, these associations have accounted for at least 98.5% of California savings and loan association assets. Since 1976 all California associations are included.
[c] New savings received less withdrawals excludes interest credited to savings accounts.
[p] Preliminary.
Source: California Department of Savings and Loan from data reported by the Federal Home Loan Bank of San Francisco.

TABLE 33

SELECTED DATA ON FEDERALLY CHARTERED CREDIT UNIONS IN CALIFORNIA, 1960–78[a]

(Dollar amounts in thousands)

Year[b]	Number of credit unions	Number of members	Total assets	Shares	Total loans outstanding
1960	1014	787,450	$383,733	$340,165	$313,545
1961	1056	849,214	441,302	393,888	347,402
1962	1081	927,654	511,884	453,316	400,960
1963	1106	1,015,808	601,294	533,445	473,297
1964	1128	1,102,380	699,250	618,395	550,150
1965	1142	1,198,902	788,707	693,993	636,454
1966	1185	1,309,746	861,595	753,300	718,046
1967	1209	1,407,640	946,456	834,393	768,772
1968	1225	1,498,051	1,055,097	923,136	883,881
1969	1255	1,585,602	1,191,712	1,034,749	1,084,828
1970	1249	1,181,164	1,380,754	1,181,164	1,100,716
1971	1225	1,746,653	1,686,494	1,436,902	1,287,686
1972	1232	1,871,287	1,998,350	1,715,276	1,471,791
1973	1239	2,045,500	2,273,508	1,987,138	1,738,048
1974	1230	2,202,543	2,737,187	2,367,200	2,106,113
1975	1208	2,443,115	3,403,739	2,994,689	2,498,084
1976	1189	2,663,441	4,185,397	3,698,816	3,130,913
1977	1164	2,906,904	5,274,256	4,613,861	4,119,305
1978	1143	3,481,278	6,274,125	5,406,200	5,110,916

[a] Regulated by the National Credit Union Administration.
[b] As of December 31st.
Source: California Department of Corporations.

TABLE 34

SELECTED DATA ON STATE CHARTERED CREDIT UNIONS IN CALIFORNIA, 1960–78

(Dollar amounts in thousands)

Year [a]	Number of credit unions	Number of members	Total assets	Shares and certificates for funds	Principal amount of loans made during year	Total loans outstanding	Real estate loans outstanding
1960	566	573,548	$304,695	$283,793	$216,094	$206,374	$41,676
1961	573	630,121	350,725	308,711	260,012	256,058	44,704
1962	578	675,287	396,343	343,800	307,098	340,125	47,736
1963	582	709,911	448,963	394,587	310,573	382,706	44,573
1964	597	788,816	513,302	449,214	390,513	437,040	53,971
1965	587	888,389	577,007	496,601	432,508	500,680	54,874
1966	623	889,636	639,154	549,381	493,307	588,782	64,561
1967	636	993,166	712,321	617,575	588,330	613,189	64,600
1968	626	1,005,190	795,758	694,727	611,491	666,891	83,837
1969	623	1,077,259	891,033	772,492	668,281	786,480	94,154
1970	631	1,139,372	998,764	868,721	667,634	888,839	101,161
1971	599	1,188,580	1,159,210	1,004,479	883,387	978,271	108,925
1972	590	1,248,463	1,330,711	1,160,215	936,483	1,108,569	110,489
1973	596	1,296,105	1,511,003	1,316,539	1,082,690	1,287,143	146,789
1974	591	1,312,193	1,615,949	1,430,694	1,139,137	1,394,985	189,995
1975	587	1,341,286	1,935,507	1,710,389	1,298,946	1,621,089	224,583
1976	576	1,503,437	2,332,994	2,057,351	1,741,898	1,991,402	297,474
1977	556	1,601,903	2,851,789	2,504,181	2,039,854	2,453,168	408,251
1978	534	1,678,279	3,361,776	2,942,131	2,127,902	2,903,915	607,782

[a] As of December 31st.
Source: California Department of Corporations.

TABLE 35

SELECTED DATA ON PERSONAL PROPERTY BROKERS IN CALIFORNIA, 1971–78 [a]

(Dollar amounts in thousands)

Year [b]	Number of loans made	Total principal amount of loans made	Consumer loans under $10,000 and commercial loans under $5,000		Consumer loans of $10,000 or more and commercial loans of $5,000 or more
			Secured by personal property	Secured by personal property and real property	
1971	1,170,013	$1,897,472	$1,153,541	$54,150	$689,781
1972	1,210,311	1,973,798	1,268,113	62,418	643,261
1973	1,302,884	2,424,236	1,344,871	90,028	989,337
1974	1,084,276	2,403,516	1,212,884	111,590	1,079,062
1975	883,047	2,534,827	1,114,707	156,257	963,863
1976	905,459	2,756,599	1,287,307	212,665	1,256,627
1977	1,073,690	3,047,798	1,393,534	284,676	1,429,588
1978	1,141,163	3,562,341	1,530,849	189,625	1,842,064

[a] Personal property brokers are licensed lenders who are exempt from the usury law and who make loans secured by personal property or a combination of personal and real property.
[b] Data refers to loans made during each year.
Source: California Department of Corporations.

TABLE 36

SELECTED DATA ON INDUSTRIAL LOAN COMPANIES IN CALIFORNIA, 1971–78 [a]

(Dollar amounts in thousands)

Year	Total assets [b]	Investment certificates [b]	Consumer loans		Commercial loans		Premium finance agencies	
			Number of loans made [c]	Principal amount of loans made [c]	Number of loans made [c]	Principal amount of loans made [c]	Number of loans made [c]	Principal amount of loans made
1971	$618,731	$367,385	170,330	$389,397 [d]	—	—	73,942	$66,540
1972	595,454	344,359	199,737	361,388 [d]	—	—	78,081	75,083
1973	686,309	381,150	189,278	354,728 [d]	—	—	79,980	80,971
1974	648,414	480,089	179,473	351,119	1,289	$17,997	81,648	86,668
1975	711,765	475,982	166,339	361,887	1,483	20,951	70,804	107,310
1976	802,971	537,312	202,104	488,453	25,467	106,997	19,057	43,300
1977	772,406	606,832	209,259	451,890	28,577	144,528	14,206	48,853
1978	988,563	678,918	200,854	506,088	30,380	175,888	17,949	65,190

[a] Industrial loan companies are licensed lenders who are exempt from the usury law and who make unsecured and secure loans. This schedule does not include mortgage bankers licensed under the Industrial Loan Law.
[b] As of December 31st.
[c] Data refers to loans made during each year.
[d] Includes commercial loans.
Source: California Department of Corporations.

TABLE 37

SUMMARY OF STATE TAX COLLECTIONS, 1960–81

(Excluding departmental, interest and miscellaneous revenue)

Fiscal year	State tax collections			Taxes per capita [a]			Taxes per $100 of personal income		
	General fund (thousands)	Special funds (thousands)	Total (thousands)	General fund	Special funds	Total	General fund	Special funds	Total
Cash Basis									
1960–61	$1,537,347	$656,815	$2,194,162	$95.95	$40.70	$136.66	$3.57	$1.53	$5.10
1961–62	1,645,300	668,267	2,314,567	98.63	40.12	138.75	3.63	1.47	5.10
1962–63	1,791,038	711,185	2,502,223	103.89	41.25	145.14	3.67	1.46	5.13
1963–64	2,057,902	813,937	2,871,900	115.76	45.78	161.54	3.95	1.56	5.51
1964–65	2,161,157	931,956	3,093,113	118.45	51.08	169.53	3.85	1.66	5.51
1965–66	2,398,988	971,625	3,370,568	128.64	52.10	180.75	4.01	1.62	5.63
1966–67	2,482,275	980,277	3,415,508	127.47	52.27	179.74	3.73	1.53	5.26
Accrual Basis [b]									
1966–67	2,746,888	1,091,287	3,838,275	144.35	57.43	201.96	4.23	1.68	5.91
1967–68	3,557,810	1,118,311	4,675,921	184.39	57.93	242.23	5.12	1.61	6.73
1968–69	3,982,580	1,210,559	5,172,748	202.59	61.78	264.08	5.21	1.59	6.80
1969–70	4,135,607	1,283,258	5,408,969	207.46	64.53	271.99	4.96	1.55	6.53
1970–71	4,890,263	1,308,350	5,998,613	212.85	64.91	277.76	4.84	1.48	6.33
1971–72	5,312,663	1,395,863	6,598,505	226.00	69.06	304.06	5.53	1.47	7.00
1972–73	5,758,386	1,470,905	7,229,171	240.19	71.57	331.77	5.62	1.43	7.98
1973–74	6,379,476	1,497,588	7,877,064	306.91	72.04	378.96	5.86	1.53	6.99
1974–75	8,045,039	1,529,439	9,574,497	382.15	72.65	454.80	6.41	1.22	7.62
1975–76	9,068,903	1,641,174	10,710,077	424.57	76.83	501.40	6.50	1.16	7.69
1976–77	10,780,987	1,764,013	12,564,980	496.08	80.35	577.08	6.93	1.10	8.08
1977–78	12,981,613	1,874,714	14,886,387	586.18	84.05	671.03	7.39	1.07	8.47
1978–79	14,187,349	2,013,579	16,201,427	631.37	89.62	720.99	7.13	1.01	8.14
1979–80 [c]	16,977,801	2,930,086	18,895,827	741.10	98.12	839.22	7.36	.97	8.33
1980–81 [c]	18,280,194	2,361,971	20,641,195	799.38	103.25	902.63	7.39	.94	8.33

[a] Taxes per capita computed on the basis of population January 1st, the midpoint of the fiscal year.
[b] Beginning in 1966–67 most state revenues were placed on an accrual basis. Beginning in 1973–74, accounts receivable are accrued.
[c] Estimated.
Data may not add due to rounding.
Source: California Department of Finance.

TABLE 39

ASSESSED VALUE OF TANGIBLE PROPERTY, TANGIBLE PROPERTY TAX LEVIES AND AVERAGE TAX RATE IN CALIFORNIA, 1960–1980

Year	Assessed value		Tax levies[a]		Average tax rate	
	Amount (in thousands)	Percent change from preceding year	Amount (in thousands)	Percent change from preceding year	Dollars per $100 assessed value	Percent change from preceding year
1960–61	$9,009,938	7.9	$ 198,508	10.3	7.48	2.3
1961–62	31,540,030	6.8	2,414,617	10.0	7.05	3.1
1962–63	33,389,914	5.8	2,606,131	7.9	7.08	2.2
1963–64	35,098,088	5.2	2,808,158	7.6	8.00	2.3
1964–65	36,743,366	4.8	3,059,570	9.0	8.32	4.0
1965–66	38,464,013	7.4	3,367,728	10.1	8.53	2.5
1966–67	42,502,305	7.7	3,760,698	11.7	8.84	3.6
1967–68	46,166,901	8.6	4,110,748	9.3	8.90	0.7
1968–69	49,953,488	8.3	4,580,080	11.5	9.39	5.5
1969–70	53,115,458[b]	7.1	4,935,475	8.0	9.08	3.4
1970–71	56,580,728[b]	6.8	5,716,880	15.6	10.90	9.4
1971–72	59,788,843[b]	5.8	6,372,331	11.5	11.43	5.3
1972–73	63,760,056[b]	8.9	6,810,939	7.0	11.44	0.1
1973–74	67,377,840[b]	7.1	5,047,799	–8.5	11.10	–2.9
1974–75	74,388,583[b]	10.4	7,381,099	11.0	11.36	0.8
1975–76	82,801,899[b]	11.3	8,389,758	18.4	11.33	0.8
1976–77	93,716,083[b]	13.3	9,389,103	15.9	11.19	–1.8
1977–78	106,894,498[b]	13.0	10,870,750	9.7	10.68	–4.8
1978–79[c]	116,738,886[b,r]	9.4	5,080,000[r]	–98.8	4.70	–99.8
1979–80	138,880,851[b]	13.0	n.a.	n.a.	n.a.	n.a.

[a] Excludes reimbursements to local government for homeowners exemption and business inventory exemption and special assessments levied on limited categories of property to finance activities from which such properties derive special benefits.

[b] Because the State reimburses counties for the loss of revenue from the homeowners' and business inventory exemptions and tax rates are set on assessed values which include the values of these exemptions, they have been included in assessed valuations. This treatment maintains the comparability of data in this series. Since the inception of these exemptions their aggregate values have been:

	Assessed value	
	Homeowners'	Business inventory
1969–70	$1,509,786,000 (at $750)	$473,373,000 (at 10%)
1970–71	1,910,843,000 (at $750)	686,303,000 (at 10%)
1971–72	1,989,117,000 (at $750)	1,056,981,000 (at 30%)
1972–73	2,081,375,000 (at $750)	1,105,939,000 (at 30%)
1973–74	3,737,730,000 (at $1750)	1,983,315,000 (at 45%)
1974–75	4,009,450,000 (at $1750)	2,307,085,000 (at 50%)
1975–76	4,381,970,000 (at $1750)	2,984,107,000 (at 50%)
1976–77	4,561,465,000 (at $1750)	3,477,000,000 (at 50%)
1977–78	4,797,465,000 (at $1750)	3,643,284,000 (at 50%)
1978–79	4,937,930,000 (at $1750)	4,281,300,000 (at 50%)
1979–80	7,000,340,000 (at $1750)	5,047,700,000 (at 50%)

[c] For the 58 counties levying unsecured taxes based on the 1977–78 secured tax rate, only the portion of the levies resulting from a rate of $4.00 per $100 of assessed value plus a rate for voter approved indebtedness are included. The issue of the proper rate to be applied to the 1978–79 unsecured roll is currently before the courts.

e Estimated.

r Revised.

Source: California State Board of Equalization.

TABLE 40

ALLOCATIONS [a] OF GENERAL PROPERTY TAX LEVIES AS COMPILED FOR COMPUTATION OF THE AVERAGE TAX RATE, BY COUNTY, 1978–79

(Tax allocations in thousands)

County	City	County [b]	School [b]	Other [c] District	Total [d]	Average Tax Rate Per $100 of Assessed Value [e]	
						1978–79	1977–78
Alameda	603,086	851,523	2,110,497	941,811	4,540,627	$5.19	$12.39
Alpine	—	530	195	63	789	4.27	4.00
Amador	334	1,710	3,111	109	5,132	4.33	7.89
Butte	945	5,402	17,095	2,134	25,685	4.27	8.27
Calaveras	68	1,134	4,150	940	5,970	4.03	9.05
Colusa	244	1,946	3,580	509	6,311	4.30	6.33
Contra Costa	14,871	38,108	95,131	39,702	194,388	4.99	11.19
Del Norte	40	977	1,018	307	2,342	4.51	7.71
El Dorado	1,327	5,615	11,907	3,736	22,307	4.98	9.40
Fresno	9,386	30,534	53,050	11,889	104,857	4.41	10.79
Glenn	415	2,097	4,743	302	7,611	4.28	7.98
Humboldt	1,435	6,345	11,990	1,897	21,657	4.50	10.17
Imperial	1,886	3,959	9,554	976	15,776	4.52	8.95
Inyo	93	1,777	3,327	430	5,539	4.26	8.50
Kern	6,163	44,709	60,380	16,273	127,472	4.47	8.92
Kings	692	4,205	7,944	1,481	14,122	4.79	10.22
Lake	151	1,949	4,181	1,270	7,549	4.54	8.09
Lassen	149	1,068	2,868	193	3,375	4.22	8.04
Los Angeles	179,601	488,310	680,602	142,159	1,374,061	4.79	10.40
Madera	411	3,150	9,148	1,274	14,122	4.36	8.40
Marin	8,616	11,751	34,300	5,340	59,009	4.56	8.02
Mariposa	—	735	1,686	40	2,461	4.04	8.97
Mendocino	403	4,536	8,727	954	14,620	4.55	10.13
Merced	1,010	7,246	14,196	1,586	24,040	4.31	10.33
Modoc	30	1,086	1,791	103	3,130	4.10	7.40
Mono	—	1,532	2,193	1,080	4,805	4.58	7.70
Monterey	5,886	15,481	28,099	3,751	54,219	4.41	8.24
Napa	1,826	4,459	13,303	1,941	21,528	4.75	8.82
Nevada	894	5,574	6,708	1,707	11,304	4.75	8.33
Orange	48,710	80,207	280,581	80,207	489,505	4.96	8.83
Placer	982	6,402	15,090	4,360	27,750	4.75	8.01
Plumas	59	1,816	3,884	813	6,510	4.09	8.47
Riverside	10,225	29,436	67,836	23,238	130,643	5.01	10.64
Sacramento	9,168	34,853	82,504	19,088	185,707	4.80	12.19
San Benito	289	1,941	3,870	794	5,893	4.75	7.80
San Bernardino	8,713	34,780	78,048	31,080	151,548	5.02	10.80
San Diego	37,405	80,033	209,251	39,048	365,457	4.80	9.15
San Francisco	—	103,800	54,017	14,477	172,166	5.06	11.58
San Joaquin	5,942	20,000	33,084	5,045	65,131	4.56	10.00
San Luis Obispo	3,171	10,666	24,307	8,237	39,501	4.71	9.01
San Mateo	17,308	33,536	101,074	32,048	182,884	4.39	8.61
Santa Barbara	3,001	10,750	28,370	6,891	44,791	4.32	9.50
Santa Clara	38,350	48,436	108,360	17,407	208,021	4.96	10.45
Santa Cruz	3,471	8,064	21,975	5,070	28,900	4.47	9.13
Shasta	1,898	5,107	15,177	1,307	23,489	4.50	9.10
Sierra	0	477	389	109	985	4.04	7.30
Siskiyou	975	2,960	5,892	388	8,413	4.08	8.47
Solano	3,730	10,138	20,959	3,493	26,320	4.91	10.89
Sonoma	3,794	15,510	36,941	3,569	59,886	4.51	9.01
Stanislaus	3,071	10,074	31,901	1,985	45,952	4.47	10.12
Sutter	982	3,711	7,015	747	13,009	4.36	8.79
Tehama	378	2,053	4,455	824	7,000	4.37	9.04
Trinity	—	980	1,380	105	2,484	4.50	7.36
Tulare	1,867	10,941	20,063	5,333	28,100	4.37	10.53
Tuolumne	90	2,401	4,089	384	7,269	4.44	9.08
Ventura	8,885	23,097	57,451	19,067	108,326	4.85	9.64
Yolo	1,919	5,959	14,329	5,160	25,373	4.75	10.68
Yuba	347	2,251	3,566	445	6,080	4.74	11.68
Totals	$469,135	$1,264,680	$2,704,518	$931,141	$4,939,790	$4.79	$10.68

TABLE 38

COMPARATIVE YIELD OF STATE TAXES, 1960–81

(In thousands)

Fiscal year	Sales and Use	Personal Income	Bank and Corporation [a]	Cigarette	Inheritance and Gift	Insurance	Distilled Spirits	Horse Racing	Liquor License Fees	Beer and Wine	Private Car	Motor Vehicle Fuel [b]	Motor Vehicle Fees [c]	Transportation Tax [d]
Cash basis														
1960	$709,648	$846,589	$840,738	$64,908	$47,189	$61,330	$40,309	$36,289	$12,379	$10,016	$1,613	$330,790	$256,305	$12,543
1961	711,708	899,103	875,718	66,004	70,803	66,745	41,274	37,850	13,044	9,794	1,668	350,801	264,842	12,475
1962	740,583	899,034	880,070	66,004	75,011	71,980	45,418	38,311	13,533	10,405	1,753	363,771	274,906	13,197
1963	813,405	982,012	311,351	70,194	92,430	77,970	48,158	41,065	13,939	10,889	1,808	386,215	295,295	14,106
1964	870,944	380,341	405,431	71,885	108,198	107,800	50,145	43,448	14,274	11,260	1,848	450,198	339,994	15,183
1965	930,649	410,100	414,347	74,477	114,404	98,199	53,015	47,980	14,598	13,428	2,017	548,922	353,877	16,080
1966	1,086,102	454,055	435,597	74,578	183,781	100,804	50,718	47,643	14,979	13,806	1,305	551,169	388,956	17,280
1967	1,083,849	500,086	453,266	75,307	114,413	107,186	50,964	49,311	14,954	13,791	1,477	548,897	408,061	16,383
Accrual basis [e]														
1967	1,190,750	686,897	453,266	75,191	141,899	131,226	54,733	49,311	14,954	14,964	1,477	543,898	408,061	11,083
1968	1,494,927	980,497	576,574	219,272	139,304	181,155	61,700	54,750	15,736	15,196	1,532	590,497	437,918	10,992
1969	1,650,979	1,101,691	568,303	237,288	158,815	130,313	85,494	56,830	16,981	14,118	3,865	625,697	480,050	11,050
1970	1,753,611	1,150,053	567,015	236,878	164,589	136,733	80,793	58,844	19,401	16,113	3,739	686,537	488,988	53,470
1971	1,809,068	1,304,580	838,091	240,781	185,089	158,423	90,795	64,801	20,830	15,791	4,148	674,638	513,861	59,496
1972	2,013,993	1,789,618	668,202	247,484	280,102	170,179	94,717	69,380	20,998	17,274	4,502	712,486	547,044	58,983
1973	2,199,583	1,884,055	808,117	253,908	295,119	179,074	98,807	73,053	20,738	17,977	3,701	746,196	586,082	89,949
1974	2,875,736	1,931,984	1,057,101	256,921	531,934	201,897	100,264	79,599	21,150	18,758	7,333	742,708	644,648	6,384
1975	3,376,152	2,381,384	1,353,073	261,975	948,087	220,091	100,956	66,637	24,017	19,863	6,954	758,524	694,483	442
1976	3,748,884	3,080,965	1,396,515	260,610	316,048	241,284	104,897	68,117	18,311	20,418	7,753	790,888	749,936	498
1977	4,313,800	3,761,386	1,641,500	260,304	307,964	262,470	108,375	108,708	23,001	22,230	7,373	810,381	807,798	100
1978	5,030,438	4,607,807	2,080,308	273,668	369,080	307,560	100,000	111,301	23,021	22,972	8,277	890,181	984,411	—
1979	5,780,919	4,761,371	2,381,053	268,816	416,095	480,184	114,022	113,253	26,096	23,137	3,305	666,501	1,021,807	—
1980 [f]	6,370,000	6,275,000	3,010,000	272,300	401,300	443,000	112,100	130,527	25,595	26,100	4,380	686,600	1,098,100	—
1981 [f]	7,280,000	6,990,000	3,500,000	270,000	388,900	480,000	113,000	148,198	25,170	27,500	4,380	908,900	1,153,300	—

[a] Includes the corporation income tax.
[b] Motor vehicle fuel tax (gasoline), use fuel tax (diesel and liquefied petroleum gas).
[c] Registration and weight fees, motor vehicle license fees and other fees.
[d] Repealed as of July 1, 1973.
[e] Beginning in 1966–67 most state revenues were placed on an accrual basis. Beginning with 1973–74, accounts receivable only are accrued.
[f] Estimated.
Source: California Department of Finance.